

EAST INDIA (RAILWAY CONTRACTS).

Return to an Address of the Honourable The House of Commons,
dated 1 August 1871;—for,

S1746

“ COPY of all CONTRACTS or AGREEMENTS entered into by the Secretary of State for *India* since the 8th day of April 1859, with any Company, for the Construction of RAILWAYS in *India* (in continuation of Parliamentary Paper, No. 259, of Session 1859).”

India Office, }
9 August 1871. }

E. P. A. THOMPSON,
Assistant Secretary, Public Works Department

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(Mr. Eastwick.)



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COPY of all CONTRACTS OF AGREEMENTS entered into by the Secretary of State for *India* since the 8th day of April 1859, with any Company for the construction of RAILWAYS in *India* (in continuation of Parliamentary Paper, No. 259, of Session 1859).

CONTRACT between the SECRETARY of STATE for INDIA in Council and the EAST INDIAN RAILWAY COMPANY, dated 21st August 1860.

THIS INDENTURE made the 21st day of August 1860, between the SECRETARY of STATE for INDIA in Council of the one part, and the EAST INDIAN RAILWAY COMPANY incorporated by an Act of Parliament made and passed in the Session of the 12th and 13th years of the reign of Her present Majesty intituled "An Act for incorporating the East Indian Railway Company, and for other purposes connected therewith," of the other part.

WHEREAS the said East Indian Railway Company were incorporated by the said Act of Parliament for the purpose of making, and constructing, working and maintaining such railway or railways in the East Indies as might be agreed upon by the said Railway Company and the East India Company; and by the said Act the said East Indian Railway Company were empowered from time to time to enter into and conclude with the East India Company on account of the Government of India such contracts, agreements, and arrangements as the respective parties might think fit and agree upon for making any railway or railways in India, including all or any of the provisions therein particularly mentioned:

And whereas the said Railway Company was formed with an original capital of 4,000,000 *l.* sterling, with power of extension to 14,000,000 *l.*, and ultimately to 20,000,000 *l.* sterling:

And whereas by an Indenture bearing date the 17th day of August 1849, and made between the East India Company of the one part, and the said East Indian Railway Company of the other part; it was (amongst other things) agreed that the said Railway Company should construct and open an experimental line of Railway to commence at or near Calcutta, in a direction to be determined by the East India Company at an estimated cost of 1,000,000 *l.* sterling or thereabouts. And by an Indenture bearing date the 15th day of February 1854, and made between the East India Company of the one part, and the said East Indian Railway Company of the other part; it was (amongst other things) agreed that the said Railway Company should construct and open a line of railway to commence at some point in the said experimental line, and to proceed to Delhi at an estimated cost of 9,000,000 *l.* sterling, or thereabouts, and by the covenants and provisions of the said Indentures respectively; it was (amongst other things) agreed that the land required for the said experimental line and extension line respectively should be provided by the East India Company, and that the moneys required to make up the said sums of 1,000,000 *l.* sterling and 9,000,000 *l.* sterling respectively; and such further sums (if any) as might be required for the purpose of the said experimental line and extension line respectively should be paid by the said Railway Company into the Treasury of the East India Company by instalments, to be from time to time drawn out for the purposes of the works. And that the said experimental line and extension line respectively should be leased by the East India Company to the said

Railway Company for terms of 99 years, to be computed from the date of the said Indentures respectively determinable by surrender or purchase as in the said Indentures is mentioned. And that the East India Company should pay to the said Railway Company on the 30th day of June and the 31st day of December in every year during the said determinable terms of 99 years for which the said lines of railway were to be leased as aforesaid interest at the rate of 5 per cent. per annum on the moneys paid or to be paid into the Treasury of the East India Company for the purposes of the said experimental line as aforesaid, and interest at the rate of 4½ per cent. per annum on the moneys to be so paid for the purposes of the said extension line. And in the said Indenture of the 15th day of February 1854 was contained a provision that the net receipts of the whole of the said railway including the experimental and extension lines realised in any half-year should be applied in the first place in discharge of the interest payable by the East India Company as aforesaid in respect of such half-year, so as to exonerate them from the same. And that the residue, if any, of such net receipts should be applied as follows, viz., one moiety thereof should be applied in payment of such sums as should at any previous times have been paid by the East India Company to the said Railway Company by way of interest as aforesaid together with simple interest on the sums so paid in respect of the said sum of 1,000,000 *l.* at the rate of 5 per cent. per annum from the times of payment respectively, and on the sums so paid in respect of the said sum of 9,000,000 *l.* at the rate of 4½ per cent. per annum from the times of payment respectively, and the other moiety of the said surplus net receipts should be applied for the use and benefit of the said Railway Company:

And whereas previously to the month of August 1856, a large amount of the capital required for the purposes of the said Indentures had been raised by the said Railway Company by the issue of shares and in addition thereto the sum of 1,000,000 *l.* sterling had been raised by the said Railway Company by debentures bearing interest at 4½ per cent. per annum, and convertible into shares at the option of the holders thereof, and the East India Company in order to facilitate the raising of such moneys by debentures by an Indenture bearing date the 1st day of December 1854, entered into covenants with the said Railway Company to secure the payment of the principal thereof at the end of three or five years, according to the terms of the said debentures respectively, and of the interest in the meantime:

And whereas by an Indenture bearing date the 8th day of August 1856, and made between the East India Company of the one part and the said East Indian Railway Company of the other part, it was agreed that the East India Company should, in addition to the interest payable under the said Indenture of the 17th day of August 1849, and in lieu of the interest payable under the said Indenture of the 5th day of February 1854, during the said determinable term of 99 years from the date of the same Indenture pay to the said Railway Company on the 30th day of June and the 31st day of December in every year interest at the rate of 5 per cent. per annum on the capital then raised by shares for the said extension line, or on such parts thereof as should for the time being have been paid to the East India Company; and should also pay on any further capital to be created for completing the said line such a rate of interest as might be mutually agreed upon, not being less than 4½ per cent.; and that upon any of the said debenture holders availing himself of the option given to him under the terms of his debenture, and exchanging the said debenture for shares to the same amount, the East India Company should, during the residue of the said determinable term of 99 years, pay to the said Railway Company on the days aforesaid, interest on the capital represented by such shares at the rate of 5 per cent. per annum; and that the said indenture of the 15th day of February 1854 should be construed as if the covenants in the now reciting indenture contained for the payment of interest had been inserted therein in lieu of the covenants in that behalf contained in the same indenture:

And whereas, by an indenture, bearing date the 21st day of April 1858, and made between the East India Company of the one part and the said East Indian Railway Company of the other part, a contract was entered into for the construction by the said Railway Company of a branch line of railway to Jubbulpore as a separate and distinct line of railway with the same or the like covenants and provisions as were contained in the said indenture of the 15th day of February

1854. And it was thereby provided that the accounts of such branch line, both as to capital and revenue were to be kept separate and distinct from the accounts of the said other lines of railway :

And whereas by the Act of the 21st and 22nd years of Her Majesty, chapter 106, intituled "An Act for the better Government of India," it was by the 1st section thereof provided that the Government of the territories then in the possession or under the Government of the East India Company, and all powers in relation to such Government vested in or exercised by the said Company, in trust for Her Majesty, should cease to be vested in or exercised by the said Company ; and that all such territories and all rights in respect of the same should become vested in Her Majesty and be exercised in Her name ; and it was by the 2nd section thereof provided that all the territorial and other revenues of or arising in India should be received for and in the name of Her Majesty, and be applied and disposed of for the purposes of the Government of India alone subject to the provisions of that Act ; and it was by the 3rd section thereof provided, that save as therein otherwise provided, one of Her Majesty's principal Secretaries of State should have and perform all such or the like powers and duties in anywise relating to the Government of India as might or should have been exercised or performed by the East India Company ; and it was by the 7th section thereof provided, that for the purposes of that Act a Council should be established, to consist of 15 members, and to be styled the "Council of India ;" and it was by the 22nd section thereof provided that all powers by that Act required to be exercised by the Secretary of State in Council, and all powers of the Council should and might be exercised at meetings of such Council, at which not less than five members should be present ; and it was by the 40th section thereof, provided that the Secretary of State in Council, with the concurrence of a majority of votes at a meeting, should have full power to enter into any contracts whatsoever, as might be thought fit for the purposes of that Act ; and it was by the 41st section thereof provided that the expenditure of the revenues of India, both in India and elsewhere, should be subject to the control of the Secretary of State in Council, and that no grant or appropriation of any part of such revenues, or of any other property coming into the possession of the Secretary of State in Council by virtue of that Act, should be made without the concurrence of a majority of votes at a meeting of the Council ; and it was by the 43rd section thereof, provided that all moneys in Great Britain of the said Company, or which would have been received by them in Great Britain if that Act had not been passed, should be paid into the Bank of England to the credit of an account to be entitled, "The Account of the Secretary of State in Council of India," to be paid out upon drafts signed as is therein mentioned ; and it was by the 64th section thereof provided, that all acts and provisions then in force under charter or otherwise, concerning India, should, subject to the provisions of that Act, continue in force and be construed as referring to the Secretary of State in Council in the place of the said Company ; and it was by the 67th section thereof provided that all contracts, covenants, liabilities and engagements of the East India Company made, incurred, or entered into before the commencement of that Act might be enforced by and against the Secretary of State in Council in like manner and in the same courts as they might have been by and against the East India Company if that Act had not been passed :

And whereas in the year 1859 the said Railway Company, finding it disadvantageous and difficult to raise further capital by the issue of shares, and requiring immediate additional capital for the purposes of the said extension line of railway in pursuance of the powers in that behalf given to them by their deed of settlement, and with the sanction of the Secretary of State in Council of India, issued proposals for a loan of the sum of 1,000,000 *l.* sterling, on the terms hereinafter mentioned, and the whole of such sum was advanced by various persons in various sums respectively, and was paid into the Bank of England to the credit of the account of the Secretary of State in Council of India :

And whereas in accordance with the said proposals the said Railway Company created and issued bonds or obligations, denominated debentures, under the seal of the said Company countersigned by two of the Directors thereof, and bearing date the 5th day of April 1859, whereby the said Company bound themselves and their successors to pay to the said persons respectively the principal sums so advanced by them respectively as aforesaid on the 5th day of April 1864, and

also to pay to the said persons respectively interest half yearly on the said respective principal sums at the rate of 4*l.* 10*s.* per cent. per annum on the 5th day of April and the 5th day of October in each year on presentation only at the Public Drawing Office of the Bank of England of the coupons annexed to such debentures respectively, and by each such debenture it is declared that the proprietor for the time being thereof is also to have the option at the expiration of 12 months from the date thereof and thenceforward at any time before the same becomes payable, to exchange the debenture for a proportionate number of extension shares of 20*l.* each in the Company upon which interest at the rate of 5*l.* per cent. per annum is guaranteed on leaving with the secretary of the Company at the offices of the Company in London one calendar month's notice in writing of his desire so to do, and at the same time delivering up the debenture with such of the coupons as have not then fallen due, and executing the Company's deed of settlement or a deed of accession thereto; and that having so done he will at the expiration of such month be entitled to all the privileges and advantages of a registered proprietor. And it is further declared that in the event of the holder of the debenture not availing himself of such option to become a shareholder, the principal sum advanced by him will be repaid at the Bank of England on the 5th day of April 1864:

And whereas in the month of November 1859, since the issue of the hereinbefore mentioned debentures, the said Railway Company, with the sanction of the Secretary of State in Council issued proposals for a loan of the sum of 1,600,000*l.* on the terms hereinafter mentioned, and the whole of such sum was advanced by various persons in various sums respectively, and was paid into the Bank of England to the credit of the account of the Secretary of State in Council:

And whereas in accordance with the said last mentioned proposals the said Railway Company created and issued debentures dated the 22nd day of November 1859, upon the same terms and conditions as the hereinbefore mentioned debentures, except that the principal sums thereby secured were made payable on the 22nd day of November 1859, and the interest thereon was at the rate of 5 per cent. per annum, and was payable on the 5th day of May and the 5th day of November in each year:

And whereas previously to issuing the said debentures of the 5th day of April 1859 and of the 22nd day of November 1859 respectively, it was agreed between the Secretary of State in Council of India and the said Railway Company that in order to facilitate the raising of the principal moneys thereby respectively secured, the Secretary of State in Council should guarantee the payment of the same and of the interest thereof in manner hereinafter mentioned:

And whereas the covenants hereinafter contained on the part of the Secretary of State in Council of India are entered into with the concurrence of a majority of votes at a meeting of the Council:

NOW THIS INDENTURE WITNESSETH that in pursuance of the said agreement the said Secretary of State in Council doth hereby (so far as the covenants and agreements hereinafter contained are to be observed and performed by him) covenant with the East Indian Railway Company and their successors; and the East Indian Railway Company do hereby for themselves and their successors (so far as the covenants and agreements hereinafter contained are to be observed and performed by them) covenant with the said Secretary of State in Council in manner following (that is to say):—

1. That the Secretary of State for India in Council shall and will, as often as and when the interest in respect of such of the said debentures of the 5th of April 1859 or of the 22nd of November 1859 as shall not previously to the time of payment of interest have been exchanged for shares, shall become due according to the terms of the said debentures respectively, duly pay out of the revenues of India into the Bank of England, to an account to be called "The East Indian Railway Debenture Account," the aggregate amount of such interest, as a fund to meet and provide for the payment of such interest, and shall and will, on the said 5th day of April 1864, and on the said 22nd day of November 1864, duly pay out of the revenues of India to the same account the amount of the principal payable on such of the said debentures respectively as shall not previously

previously to such day have been exchanged for shares, as a fund to meet and provide for the payment of such principal sums, and the moneys so to be paid to the said account shall be applied to the payment of such interest and principal accordingly, and that the Secretary of State in Council shall and will at all times hereafter, at his costs and charges, to be defrayed out of the revenues of India, well and sufficiently protect, save harmless, and keep indemnified the said East Indian Railway Company, and their lands, tenements, goods, chattels, and effects whatsoever, of, from, and against all actions, suits, losses, costs, charges, damages, and expenses whatsoever, which they shall or may suffer, sustain, expend, or be put unto, or which shall or may be commenced, instituted, sued, or prosecuted against them, by reason or in consequence of the said debentures, or any of them.

2. That upon the holder of any of the said debentures of the 5th of April 1859, or of the 22nd of November 1859, availing himself of the option given to him under the terms of his debenture as aforesaid, and exchanging the said debenture for extension shares in the company to the same amount, the said Secretary of State in Council shall, during the then residue of the said determinable term of 99 years from the 15th day of February 1854, pay out of the revenues of India to the said Railway Company in London half yearly, on the 30th day of June and the 31st day of December in every year, interest at the rate of 5 per cent. per annum on the capital sum represented by the debentures which shall have been so exchanged, such interest at 5 per cent. being considered, in the first instance, as running from the last day on which interest at the rate of 4½ per cent. or of 5 per cent. shall have become payable on the same debentures, according to the terms thereof respectively previously to the exchange thereof for shares.

3. That the sums hereinbefore agreed to be paid by the said Secretary of State in Council for interest as aforesaid shall be in full satisfaction of all interest which, under the said Indentures of the 15th day of February 1854 and the 8th day of August 1856, would or might become payable in respect of the principal moneys raised by the said debentures respectively, and paid into the Bank of England to the credit of the account of the Secretary of State in Council of India as aforesaid.

4. That the provision contained in the said Indenture of the 15th of February 1854 concerning the application of the half-yearly net receipts of the said railway in payment of the interest therein mentioned, so as to exonerate the East India Company from the same, and concerning the application of one-half of the surplus of such net receipts in the repayment of any sums previously paid for interest, with simple interest on such sums, shall apply to the interest hereinbefore agreed to be paid as aforesaid, and that, in applying the same provisions, the simple interest on sums previously paid for interest shall in all cases be reckoned at the same rate as the interest in respect of which such sums were so paid.

5. That all moneys which, under the covenant hereinbefore in that behalf contained, shall be paid by the Secretary of State in Council in payment of the principal moneys secured by such of the said debentures of the 5th of April 1859 and of the 22nd of November 1859 respectively, as shall not be exchanged for extension shares shall be treated and considered as capital contributed by the Secretary of State in Council out of the revenues of India to the joint stock of the East Indian Railway Company, for the purposes of the said extension line of railway, and the Secretary of State in Council, on behalf of the Government of India, shall be entitled to all the same benefit and advantages in respect of such capital as if such debentures respectively had been exchanged by the holders thereof for extension shares which had been transferred to trustees for Her Majesty on account of the Government of India, and in order to give full effect to such rights, the Secretary of State in Council, if they think fit, shall be entitled at any time to name a person or persons into whose name or names as trustee or trustees for the purposes aforesaid an equivalent number of shares may be placed and registered, and thereupon such shares shall be so entered and registered accordingly.

6. That, subject to the provisions herein contained, the covenants and provisions of the said Indenture of the 15th of February 1854, as modified by the said Indenture of the 8th August 1856, shall be and remain in full force and effect.

In witness whereof, Sir Proby Thomas Cautley and Henry Marion Durand, Esquire, being two members of the Council of India, have hereunto set their hands and seals, and the said East Indian Railway Company have hereunto affixed their corporate seal, on the day and year first above written.

CONTRACT between the SECRETARY of STATE for INDIA in Council, and the GREAT INDIAN PENINSULA RAILWAY COMPANY, for the Issue of Debentures to the Amount of 833,300 £., dated 27th July 1860.

THIS INDENTURE, made the 27th day of July 1860 between the SECRETARY of STATE in Council of the one part, and the GREAT INDIAN PENINSULA RAILWAY COMPANY incorporated by an Act of Parliament made and passed in the Session of the 12th and 13th years of the reign of Her present Majesty Queen Victoria, intituled "An Act to Incorporate the Great Indian Peninsula Railway Company, and for other purposes connected therewith," of the other part.

Act of Incorporation 12 & 13
Vict. c. 83,
1st Aug. 1849.

WHEREAS by the said Act the said Railway Company was made subject to the clauses of the "Companies' Clauses Consolidation Act, 1845," with respect, among other things, to the conversion of the borrowed money into capital, and thereby power was given to the said Railway Company from time to time to enter into and conclude with the East India Company on account of the Government of India, contracts, agreements and arrangements for making railways in India, and for the other objects and purposes therein mentioned, including, among others any provisions intended to enforce or secure the due performance of any contract or engagement to be made by the said Railway Company :

Borrowing powers.

And whereas it was by the same Act provided that when and so soon as from time to time the whole of the capital for the time being of the Company should have been subscribed for, and one half of such capital should have been paid up, it should be lawful for the Company from time to time by order of a general meeting to borrow money to an amount in the whole equal to one-third part of such capital for the time being ; and that such money should be borrowed in the manner provided by the clauses of "The Companies' Clauses Consolidation Act, 1845," with respect to the conversion of the borrowed money into capital ; or should be borrowed in such other manner, and subject in all respects to such provisions as the East India Company should from time to time approve :

And whereas in the year 1855 the Great Indian Peninsula Railway Company in pursuance of the same power, and with the approval of the East India Company, borrowed the sum of 333,300 £. sterling, being the amount which the said Railway Company had power to borrow under the provisions of the said Act from various persons in various sums respectively, and created and issued under the seal of the said Railway Company bonds or obligations denominated debentures, whereby the said Great Indian Peninsula Railway Company bound themselves and their successors to pay to the said persons respectively, and to their respective executors, administrators and assigns, the principal sums advanced by them respectively on the 1st day of January 1860, and also to pay to the said persons respectively, their respective executors, administrators and assigns, interest half-yearly on the said respective principal sums at the rate of 4 £. 10 s. per cent. per annum, on the 10th day of January and the 10th day of July in each year, on presentation at the Bank of the London and County Banking

Banking Company, Lombard-street, London, of the coupons annexed to such debentures respectively :

And whereas the said sum of 333,300 *l.* was paid by the said Railway Company into the treasury of the East India Company :

And whereas by an Indenture dated the 10th day of October 1855, and made between the East India Company of the one part, and the Great India Peninsula Railway Company of the other part, it was, amongst other things, agreed that the East India Company should and would from time to time half-yearly as often as and when the interest payable in respect of the said debentures should become due, and so as duly to provide for the payment of such interest, pay the amount of such interest into the said bank of the London and County Banking Company, or other the bankers for the time being of the said Railway Company, to an account to be called "The Great Indian Peninsula Railway Interest Account," and should and would on the said 1st day of January 1860 duly pay to the several persons respectively, to whom the said Railway Company had executed the said debentures or bonds, their respective executors, administrators, and assigns, the principal sums advanced by them respectively :

Indenture of
10th October 1855.

And whereas under the provisions of the Act of the 21st and 22nd years of Her Majesty, chapter 106, the benefit of the hereinbefore-recited contract became vested in Her Majesty for the purposes of the Government of India ; and save as otherwise provided by the said Act, one of Her Majesty's principal Secretaries of State has and may perform all such and the like powers and duties relating to the Government or revenues of India as might or should have been exercised or performed by the East India Company ; and the Secretary of State in Council, with the concurrence of a majority of votes at a meeting of the Council of India, has full power to enter into any contracts whatsoever as may be thought fit for the purposes of that Act ; and all moneys payable in respect of the said hereinbefore-recited indenture of contract, and all liabilities contracted on account of the Government of India are charged and chargeable upon the revenues of India :

And whereas in the month of September last it was agreed between the Secretary of State in Council and the said Railway Company that with respect to the principal sums becoming due on the 1st day of January 1860, according to the terms of the said debentures issued in the year 1855, option should be allowed to the holders thereof respectively to have their debentures renewed upon the terms of the half-yearly interest, being at the rate of 5 per cent. per annum, in lieu of $4\frac{1}{2}$ per cent. per annum, as theretofore payable, and new debentures should be created and issued to provide for the payment of the principal sums due to such of the said holders as should not avail themselves of the before-mentioned option :

And whereas the holders of debentures representing the sum of 195,500 *l.*, part of the said sum of 333,300 *l.*, have availed themselves of the option given to them in pursuance of the said agreement ; and the debentures respectively held by them have been renewed upon the terms aforesaid for the several periods in that behalf mentioned in the schedule hereunder written. And the said Railway Company have in further pursuance of the said agreement borrowed the sum of 137,800 *l.*, the residue of the said sum of 333,300 *l.*, from various persons in various sums respectively, and have therewith paid the principal sums due to such of the said holders as have not availed themselves of such option, and have created and issued under their seal debentures for the said sum of 137,800 *l.*, upon the same terms as the said debentures issued in the year 1855, except that the principal sums thereby respectively secured are payable on the several days in this behalf set forth or indicated in the same schedule ; and the interest payable half-yearly, in respect of such respective principal sums, is at the rate of 5 *l.* per cent. per annum :

And whereas it has been also agreed between the Secretary of State in Council and the said Railway Company that the said Railway Company shall, subject to the provisions hereinafter contained, from time to time raise money on loan until the sum of 500,000 *l.*, in addition to the said sum of 333,300 *l.*, shall have been so raised, and shall create and issue debentures in respect thereof ; and that the Secretary of State in Council should guarantee the payment of the principal moneys secured by any debentures issued by the said Railway Company, with the sanction and approval of the Secretary of State in Council, and of the interest thereof, in manner hereinafter mentioned :

And whereas the debentures to be created and issued by the said Railway Company in respect of any portion of the said sum of 500,000 *l.* are to be in accordance with a form which has been approved by the Secretary of State in Council, containing an obligation on the part of the said Railway Company for payment of principal and interest at the Bank of the London and County Banking Company on the day named in the debenture for the purpose respectively :

And whereas the covenants hereinafter contained on the part of the Secretary of State in Council are entered into with the concurrence of a majority of votes at a meeting of the Council.

NOW THIS INDENTURE WITNESSETH that, in pursuance of the said agreement and in consideration of the premises, the said Great Indian Peninsula Railway Company do hereby for themselves and their successors (so far as the covenants and agreements hereinafter contained are to be observed and performed by them), covenant with the Secretary of State in Council, and the Secretary of State in Council doth hereby (so far as the covenants and agreements hereinafter contained are to be observed and performed on the part of the Secretary of State in Council for the time being) covenant with the said Great Indian Peninsula Railway Company and their successors in manner following (that is to say) :—

Rate of interest
upon Debenture
Capital.

1. That the said Railway Company shall and will from time to time, until the said sum of 500,000 *l.* sterling, in addition to the said sum of 333,300 *l.*, shall have been advanced, receive sums of money on loan from any persons respectively willing to advance the same at a rate of interest not exceeding 5 per cent. per annum, and shall and will create and issue debentures, in accordance with the said form which has been approved as hereinbefore mentioned, to such persons respectively for securing the repayment of the principal sums advanced by them respectively, on such day as shall be for that purpose mentioned in the said debentures respectively, and the payment of the interest on such half-yearly days as shall be therein respectively mentioned : Provided always that the receipt of money on loan and the creation and issue of debentures by the said Railway Company shall be at all times and in all respects subject to the supervision, direction and control of the Secretary of State in Council.

2. That all sums of money which shall be at any time received by the said Railway Company on loan shall be forthwith paid into the Bank of England, to the credit of the account of the Secretary of State in Council, and in respect of any sum or sums so received by the said Railway Company on loan, and paid into the Bank to the credit of the said account, money may be drawn and applied by the said Railway Company in like manner as under or by virtue of the provisions in that behalf contained in the several Indentures of contract hereinafter mentioned it could be drawn and applied if such sum or sums had been capital paid by the said Railway Company into the Bank of England to the credit of the said account under the same several Indentures.

3. That the Secretary of State in Council shall and will from time to time as often as and when the half-yearly interest, payable in respect of the said debentures representing the said sum of 333,300 *l.*, or in respect of the debentures representing the said sum of 500,000 *l.* or any portion thereof, and issued by the said Railway Company with the sanction and approval of the Secretary of State in Council shall become due, and so as duly to provide for the payment of such interest, pay out of the revenues of India the amount of such interest into the Bank of the London and County Banking Company, Lombard-street, London, or other the bankers for the time being of the said Railway Company, to an account to be called "The Great Indian Peninsula Railway Debenture Account." And shall and will on the several days mentioned or indicated in this behalf in the schedule hereto, and in the several amounts or portions, duly pay the said sum of 333,300 *l.* out of the revenues of India to the same account, and shall and will on the day for that purpose mentioned in any debentures representing the said sum of 500,000 *l.* or any portion thereof duly pay out of the revenues of India to the same account the amount of the principal

principal sums payable on such day or in respect of such several debentures. And that notwithstanding anything contained in any debentures created and issued with the sanction and approval or subject to the supervision, direction and control of the Secretary of State in Council, the said Great Indian Peninsula Railway Company shall not be subject or liable to any action or suit at law or in equity, upon or by virtue of such debentures, but that the Secretary of State in Council shall and will at all times hereafter, the costs and charges being defrayed out of the revenues of India, well and sufficiently protect, save harmless and keep indemnified the said Great Indian Peninsula Railway Company, and their lands, tenements, goods, chattels and effects whatsoever of, from and against all actions, suits, losses, costs, charges, damages and expenses whatsoever, which they shall or may suffer, sustain, expend or be put unto, or which shall or may be commenced, instituted, sued or prosecuted against them by reason or in consequence of the said debentures or any of them.

4. That the payment of the sums hereinbefore agreed to be paid by the Secretary of State in Council for interest as aforesaid shall be in full satisfaction of all interest which, under the several Indentures of Contract heretofore entered into between the East India Company and the said Railway Company, bearing date respectively the 17th day of August 1849, the 2nd day of August 1853, and the 15th day of November 1854, would or might become payable in respect of the principal moneys raised by debentures and paid into the Bank of England to the credit of the account of the Secretary of State in Council.

Indentures of
17th Aug. 1849,
2nd Aug. 1853,
15th Nov. 1854.

5. That the provisions of the said several Indentures with respect to the application of the half-yearly net receipts of the said Railway Company's railway in payment of the interest therein respectively mentioned, so as to exonerate the East India Company from the same, and with respect to the application of one-half of the surplus of such net receipts in the repayment of any sums previously paid for interest, with simple interest on such sums, shall apply to the interest hereinbefore agreed to be paid as aforesaid, and that in applying the same provisions the simple interest on sums previously paid for interest shall in all cases be reckoned at the same rate as the interest in respect of which such sums were so paid.

6. That all moneys which under the covenant hereinbefore in that behalf contained shall be paid by the Secretary of State in Council in payment of the principal moneys secured by the said debentures representing the said sum of 333,300 l., or by the debentures representing the said sum of 500,000 l., or any portion thereof, shall be treated and considered as capital contributed by the Secretary of State in Council (so far as lawfully can or may be) out of the revenues of India to the joint stock of the Great Indian Peninsula Railway Company; and in order to give full effect to the rights of the Secretary of State in Council in respect of the capital so contributed the Secretary of State in Council (so far as lawfully can or may be) shall be at liberty at any time to name a person or persons into whose name or names as trustee or trustees for Her Majesty on account of the Government of India an equivalent number of shares or amount of stock may be placed and registered; and thereupon such shares or stock shall be so entered and registered accordingly.

7. That subject to the provisions herein contained the covenants and provisions of the said several Indentures of the 17th day of August 1849, the 2nd day of August 1853, and the 15th day of November 1854, so far as the same are now subsisting and capable of taking effect, shall be and remain in full force and effect.

In witness whereof Sir Proby Thomas Cautley and Ross Donnelly Mangles, Esq., being two members of the Council of India, have hereunto set their hands and seals; and the Great Indian Peninsula Railway Company have caused their common seal to be affixed the day and year first above written.

CONTRACTS AND AGREEMENTS RELATING TO

The SCHEDULE referred to in the above written Indenture.

RENEWED.		£.	£.
From 1st January 1860.			
For three years - - - -		21,000	
For five years - - - -		109,100	
For seven years - - - -		65,400	
		195,500	
NEW LOANS.			
From 1st January 1860.			
For five years - - - -		83,500	
For seven years - - - -		54,300	
		137,800	
		£.	333,300

CONTRACT between the SECRETARY of STATE for INDIA in Council and the GREAT INDIAN PENINSULA RAILWAY COMPANY, with respect to further Debenture Capital to the extent of 1,166,700 L., and further Share Capital of 1,000,000 L., dated 19th September 1862.

THIS INDENTURE, made the 19th day of September, 1862, between the SECRETARY of STATE in COUNCIL of the one part, and the GREAT INDIAN PENINSULA RAILWAY COMPANY, incorporated by an Act of Parliament of the 12th and 13th years of the Reign of Her present Majesty, intituled, "An Act for incorporating the Great Indian Peninsula Railway Company, and for other purposes connected therewith" (which Act was amended by an Act of the 17th and 18th years of Her Majesty) of the other part:

Act of Incorporation 12 & 13
Vict. c. 83,
1st August 1849.

Borrowing powers.

WHEREAS the said Great Indian Peninsula Railway Company were incorporated by the said first-mentioned Act of Parliament, for the purpose of making and constructing, working and maintaining such railway or railways in the East Indies as might be agreed upon by the said Railway Company and the East India Company; and by the same Act the said Railway Company were made subject to the clauses of the "Companies' Clauses Consolidation Act, 1845," with respect (among other things) to the conversion of the borrowed money into capital; and by the same Act, the said Railway Company were empowered from time to time to enter into and conclude with the East India Company, on account of the Government of India, such contracts, agreements and arrangements as the respective parties might think fit and agree upon, for making any railway or railways in India, and any telegraphs connected therewith, and for maintaining and working the same, including (among others) any provision as to the tolls, receipts and profits thereof, and the application of such tolls, receipts and profits, and any provisions for depositing with or paying to the East India Company all or any part of the subscribed capital of the said Railway Company upon any terms (as to interest or otherwise) to be agreed upon, and any provisions intended to enforce or secure the due performance of any contract or engagement to be made by the said Railway Company; and by the same Act it was provided that when and so soon as from time to time the whole of the capital for the time being of the said Railway Company should have been subscribed for, and one-half of such capital should have been paid up, it should be lawful for the said Railway Company from time to time to borrow money to an amount in the whole equal to one-third part of such capital for the time being in manner therein mentioned; and it was also provided that in case the said Railway Company should, under any agreement or agreements with the East India Company, be empowered to make or carry on any railway or railways or works in India, whatever might be the extent of such railway and railways and works, it should be lawful for the said Railway Company as therein mentioned to

increase

increase the capital of the said Railway Company to any amount which should be certified by the East India Company to be proper and desirable, having regard to the extent of the undertakings in which the said Railway Company should for the time being be engaged; and every such increase of capital as aforesaid should be raised by shares or capital stock in manner therein mentioned:

And whereas by an Indenture bearing date the 17th day of August 1849, and made between the East India Company of the one part and the said Railway Company of the other part, it was (amongst other things) agreed that the said Railway Company should construct and open an experimental line of railway to commence at or near Bombay, and to take a direction to or near to Callian, at an estimated cost of 500,000 *l.* or thereabouts, and that the East India Company should pay to the said Railway Company during the term of ninety-nine years from the date of the said indenture, determinable by surrender or purchase of the said railway and works as in the said indenture mentioned, interest at the rate of 5 *l.* per centum per annum on the said sum of 500,000 *l.* or on such part thereof as should for the time being have been paid into the treasury of the East India Company: Indenture,
17th August 1849.

And whereas by an indenture bearing date the 2nd day of August 1853, and made between the East India Company of the one part, and the said Railway Company of the other part, it was (amongst other things) agreed that the said Railway Company should construct and open a line of railway, being an extension to Shawpoor of the said experimental line, and that the said Railway Company should pay into the treasury of the East India Company such moneys in excess of the said sum of 500,000 *l.* as should be required for the purposes of the said extension line, and that the East India Company should pay to the said Railway Company during the residue of the said determinable term of 99 years, interest at the rate of 5 *l.* per cent. per annum on the said moneys when paid into the treasury of the East India Company, in addition to the interest on the said sum of 500,000 *l.*: Indenture,
2nd August 1853.

And whereas the East India Company afterwards sanctioned the raising of the sum of 500,000 *l.* for the purposes of the said indenture of the 2nd day of August 1853:

And whereas by an Indenture bearing date the 15th day of November 1854, and made between the East India Company of the one part and the said Railway Company of the other part, it was (amongst other things) agreed that the said Railway Company should construct an extension line of railway on the north-east from Shawpoor, called "The North Eastern Extension Line," and an extension line of railway on the south-east from Callian, called "the South Eastern Extension Line," in such direction and to such points respectively as might be determined by the East India Company; and that the said Railway Company should raise and pay into the treasury of the East India Company the amount, according to the cost to be certified by the East India Company, required for the making of such extension lines at such times and in such instalments as the East India Company should from time to time determine, so as the sums to be paid in any one year should not exceed 300,000 *l.*, unless the said Railway Company should consent to pay in a larger sum; and that in particular, for providing for the expenses of the surveys to be made as therein mentioned, and of making the said South Eastern Extension Line, the said Railway Company should raise and pay into the treasury of the East India Company, in the first instance, the sum of 1,000,000 *l.* as the East India Company might from time to time require; and that the East India Company should during the residue of the said determinable term of 99 years, in addition to the interest payable under the hereinbefore recited Indentures, pay to the said Railway Company interest at the rate of 4 *l.* 10 *s.* per centum per annum on such part of the said sum of 1,000,000 *l.* as should for the time being have been paid into the treasury of the East India Company, and at the like rate on such further sums as might for the purposes of the contract now in recital or of the said extension lines or either of them be paid into the treasury of the East India Company: Indenture,
15th November
1854.

And whereas by an Indenture bearing date the 10th day of October 1855, and made between the East India Company of the one part and the said Indenture,
10th October 1855.

Railway Company of the other part, after certain recitals whereby it appeared that under the power in that behalf given by the first-mentioned Act the said Railway Company, with the approval of the East India Company, had raised the sum of 333,300 *l.* by bonds or debentures, bearing interest at the rate of 4 *l.* 10 *s.* per centum per annum, and had paid the same into the treasury of the East India Company, it was (amongst other things) agreed that the East India Company should provide for the payment of such interest payable in respect of the said debentures, and should pay the principal sums secured thereby on the 1st day of January 1860 :

Rate of Interest.

And whereas, in lieu of the said sum of 1,000,000 *l.* mentioned in the said indenture of the 15th day of November 1854, the East India Company in the month of December 1854, sanctioned the raising of the sum of 500,000 *l.* for the purposes of the same indenture, and agreed to pay interest thereon at the rate of 5 *l.* per centum per annum, instead of 4 *l.* 10 *s.* per centum per annum as provided by the same indenture; and in the month of August 1855, the East India Company agreed that the said several sums of 500,000 *l.* and 500,000 *l.* previously authorised to be raised for the purposes of the said indentures of the 17th day of August 1849, and the 2nd day of August 1853, and bearing interest at the rate of 5 *l.* per centum per annum, or any part of the same sums, might be made available for the purposes of the said indenture of the 15th day of November 1854; and in the months of January, May and November 1856, respectively, the East India Company sanctioned the raising of the respective additional sums of 1,500,000 *l.*, 1,000,000 *l.*, and 2,000,000 *l.* for the purposes of the said indenture of the 15th day of November 1854 :

Indenture,
7th August 1857.

And whereas by an Indenture bearing date the 7th day of August 1857, and made between the East India Company of the one part and the said Railway Company of the other part, it was provided and agreed that the East India Company should in addition to the interest payable under the said Indenture of the 10th day of October 1855, and in lieu of the interest at the rate of 4 *l.* 10 *s.* per centum per annum, payable under the said Indenture of the 15th day of November 1854, during the residue for the time being of the said determinable term of 99 years, pay to the said Railway Company interest at the rate of 5 *l.* per cent. per annum on the said sums of 500,000 *l.*, 500,000 *l.*, 500,000 *l.*, 1,500,000 *l.*, 1,000,000 *l.* and 2,000,000 *l.*, or on such parts thereof respectively as had been or for the time being should have been paid into the treasury of the East India Company, and also interest on any further capital to be raised for the purposes of the said Indenture of the 15th day of November 1854, at the rate of 4 *l.* 10 *s.* per cent. per annum, or at such higher rate in lieu of the interest at 4 *l.* 10 *s.* per cent. per annum, payable under the said indenture of the 15th day of November 1854, as by any indorsements to be from time to time made on the Indenture now in recital, or by any separate instruments to be respectively sealed with the corporate seals of the said Companies respectively, should be specified in that behalf. And by the Indenture now in recital, it was further provided (such provision being in lieu of the provisions of the said Indenture of the 15th day of November 1854, concerning the times and instalments at and by which the capital to be thereunder provided should be paid) that the said Railway Company should raise and pay into the treasury of the East India Company the capital to be raised and paid under the said Indenture of the 15th day of November 1854, at such times and in such instalments as the East India Company should from time to time determine, so as that the said Railway Company should not at any time be required to make upon the shares by which such capital should be raised a call exceeding 2 *l.* on each share or at a less interval than three calendar months from the last preceding call :

And whereas under the provisions of the Act passed in the 21st and 22nd years of Her Majesty, entitled "An Act for the better Government of India," the benefit of the hereinbefore recited indentures of contract became vested in Her Majesty for the purposes of the Government of India; and save as otherwise provided by the said Act, one of Her Majesty's principal Secretaries of State has and may perform all such and the like powers and duties relating to the Government or Revenues of India, as might or should have been exercised or performed by the East India Company, and the Secretary of State in Council, with the concurrence of a majority of votes at a meeting of the Council of India,

India, has full power to enter into any contracts whatsoever as may be thought fit for the purposes of that Act; and all moneys payable to the said Railway Company in respect of the said Indentures of Contract, and all liabilities to be contracted on account of the Government of India are charged and chargeable on the revenues of India :

And whereas by an Indenture bearing date the 10th day of February 1859, and made between the Right Honourable Edward Henry Stanley, commonly called Lord Stanley, one of Her Majesty's principal Secretaries of State; Sir Frederick Currie, Baronet, Vice President of the Council of India, and divers persons therein named, members of the Council of India of the one part, and the said Railway Company of the other part, it was agreed that in addition to the interest payable under the hereinbefore recited indenture of the 10th day of October 1855, and in addition to the interest payable on the said sums of 500,000 *l.*, 500,000 *l.*, 500,000 *l.*, 1,500,000 *l.*, 1,000,000 *l.*, and 2,000,000 *l.*, under the hereinbefore recited indenture of the 7th day of August 1857, and in lieu of the interest at the rate of 4 *l.* 10 *s.* per cent. per annum, payable under the said indenture of the 15th day of November 1854, there should during the residue of the said determinable term of 99 years be paid out of the revenues of India, or moneys applicable in aid thereof, interest at the rate of 5 *l.* per cent. per annum on the further sum of 2,000,000 *l.*, or on such part thereof as should for the time being have been paid by the said Railway Company as therein-after mentioned, and that the said Railway Company should raise and pay such further sum of 2,000,000 *l.* into the Bank of England to the account of the Secretary of State in Council of India, at such times and in such instalments as the Secretary of State in Council should determine, subject as therein mentioned :

Indenture,
10th February
1859.

And whereas under and in accordance with the provisions of an Indenture, bearing date the 27th day of July 1860, and made between the Secretary of State in Council of the one part, and the said Railway Company of the other part, the sum of 333,300 *l.*, which was raised in the year 1855, and was payable on the 1st day of January 1860, still remains on loan, and is secured by bonds or debentures bearing interest at the rate of 5 *l.* per cent. per annum. And the said Railway Company have, with the sanction of the Secretary of State in Council, raised a further sum of 500,000 *l.* by bonds or debentures bearing interest at the same rate, and have paid such further sum into the Bank of England to the account of the Secretary of State in Council. And it was by such last-mentioned Indenture, amongst other things, agreed that the Secretary of State in Council should provide for the payment of the interest payable in respect of the debentures representing the said sum of 333,300 *l.* and 500,000 *l.* respectively, and should pay the principal sums secured thereby, respectively, on the days therein respectively mentioned for payment of the same. And that all moneys which should be so paid by the Secretary of State in Council, in respect of the said principal sums, should be considered as capital contributed by the Secretary of State in Council out of the revenues of India to the joint stock of the said Railway Company; and the Secretary of State in Council should be at liberty to name a person or persons into whose name or names as trustee or trustees for Her Majesty, on account of the Government of India, an equivalent number of shares or amount of stock might be placed and registered :

Indenture,
27th July 1860.

And whereas it was lately agreed between the Secretary of State in Council and the said Railway Company that the said Railway Company should, subject to the provisions hereinafter contained, from time to time raise money on loan until the sum of 1,166,700 *l.* (making, together with the said sums of 333,300 *l.* and 500,000 *l.*, the sum of 2,000,000 *l.*) should have been so raised, and should create and issue debentures in respect thereof. And that the Secretary of State in Council should guarantee the payment of the principal moneys secured by any debentures issued by the said Railway Company with the sanction and approval of the Secretary of State in Council, and of the interest thereof, in manner and upon the terms hereinafter mentioned :

And whereas the said Railway Company have already created and issued debentures in respect of the sum of 666,700 *l.*, part of the said sum of 1,166,700 *l.*, and such sum of 166,700 *l.* has been paid into the Bank of England

to the account of the Secretary of State in Council; and such issue of the said sum of 666,700 *l.*, together with the issue of the debentures for the said sums of 333,300 *l.* and 500,000 *l.*, making together the sum of 1,500,000 *l.*, is more particularly specified in the schedule hereunder written:

And whereas the debentures so issued, and the debentures to be created and issued by the said Railway Company in respect of the said sum of 1,166,700 *l.*, have been and are to be issued in accordance with a form which has been approved by the Secretary of State in Council, containing an obligation on the part of the said Railway Company for payment of principal and interest at the bank of the London and County Banking Company, on the day named in the debentures for the purposes respectively:

And whereas it has been also agreed between the Secretary of State in Council and the said Railway Company that the said Railway Company shall raise a further sum of 1,000,000 *l.* by the issue of shares or capital stock for the purposes of the said indenture of the 15th day of November 1854, such further sum of 1,000,000 *l.* together with the several sums in respect of which shares have been issued as aforesaid, making up the share capital to the sum of 9,000,000 *l.* sterling. And that the Secretary of State in Council shall pay interest at the rate of 5 *l.* per cent. per annum on such further sum of 1,000,000 *l.*, as the same shall be paid by the said Railway Company, as hereinafter mentioned:

Further share
capital.

And whereas 198,352 *l.*, part of the last mentioned sum of 1,000,000 *l.*, has accordingly been raised by the issue of new shares or capital stock, and has been paid into the Bank of England to the credit of the account of the Secretary of State in Council:

And whereas the covenants hereinafter contained on the part of the Secretary of State in Council are entered into with the concurrence of a majority of votes at a meeting of the Council:

NOW THIS INDENTURE WITNESSETH that in pursuance of the said agreements, and in consideration of the premises, the said Great Indian Peninsula Railway Company do hereby for themselves and their successors (so far as the covenants and agreements hereinafter contained are to be observed and performed by them) covenant with the Secretary of State in Council:

And the Secretary of State in Council doth hereby (so far as the covenants and agreements hereinafter contained are to be observed and performed on the part of the Secretary of State in Council for the time being) covenant with the said Great Indian Peninsula Railway Company and their successors in manner following (that is to say):--

1. That the said Railway Company shall and will, from time to time, until the whole of the said sum of 1,166,700 *l.* sterling (inclusive of the said sum of 666,700 *l.* part thereof) which has been already advanced in addition to the said sums of 333,300 *l.* and 500,000 *l.* shall have been advanced, receive sums of money on loan from any persons respectively willing to advance the same at a rate of interest not exceeding 5 *l.* per cent. per annum, and shall and will create and issue debentures in accordance with the said form, which has been approved as hereinbefore mentioned, to such persons respectively, for securing the repayment of the principal sums advanced by them respectively on such day as shall be for that purpose mentioned in the said debentures respectively, and the payment of the interest on such half-yearly days as shall be therein respectively mentioned: Provided always that the receipt of money on loan, and the creation and issue of debentures by the said Railway Company, shall be at all times and in all respects subject to the supervision, direction, and control of the Secretary of State in Council.

2. That all sums of money which shall be at any time received by the said Railway Company on loan shall be forthwith paid into the Bank of England, to the credit of the account of the Secretary of State in Council, and in respect of any sum or sums so received by the said Railway Company on loan, and paid into the Bank to the credit of the said account, money may be drawn and applied by the said Railway Company in like manner, as under or by virtue of the provisions in that behalf contained in the several Indentures of contract hereinbefore mentioned it could be drawn and applied, if such sum or sums had

had been capital paid by the said Railway Company into the Bank of England to the credit of the said account under the same several indentures.

3. That the Secretary of State in Council shall and will from time to time as often as and when the half-yearly interest payable in respect of the debentures representing the said sum of 1,166,700 *l.* or any portion thereof, and issued by the said Railway Company with the sanction and approval of the Secretary of State in Council, shall become due, and so as duly to provide for the payment of such interest, pay out of the revenues of India the amount of such interest into the Bank of the London and County Banking Company, Lombard-street, or other the bankers for the time being of the said Railway Company, to an account to be called "The Great Indian Peninsula Railway Company Debenture Account," and shall and will on the day for that purpose mentioned in any debenture representing the said sum of 1,166,700 *l.* or any portion thereof, duly pay out of the revenues of India to the same account the amount of the principal sums payable on such day on or in respect of such several debentures, and that notwithstanding anything contained in any debentures created and issued with the sanction and approval, or subject to the supervision, direction, and control of the Secretary of State in Council, the said Great Indian Peninsula Railway Company shall not be subject or liable to any action or suit at law or in equity upon or by virtue of such debentures, but that the Secretary of State in Council shall and will at all times hereafter (the costs and charges being defrayed out of the revenues of India), well and sufficiently protect and save harmless and keep indemnified the said Great Indian Peninsula Railway Company, and their lands, tenements, goods, chattels, and effects whatsoever, of, from and against all actions, suits, losses, costs, charges, damages, and expenses whatsoever which they shall or may suffer, sustain, expend, or be put unto, or which shall or may be commenced, instituted, sued, or prosecuted against them by reason or in consequence of the said debentures, or any of them.

4. That the payment of the sums hereinbefore agreed to be paid by the Secretary of State in Council for interest as aforesaid shall be in full satisfaction of all interest which under the several indentures of contract heretofore entered into between the East India Company and the said Railway Company, bearing date respectively the 17th day of August 1849, the 2nd day of August 1853, and the 15th day of November 1854, would or might become payable in respect of the principal moneys raised by debentures to which this contract refers, and paid into the Bank of England to the credit of the account of the Secretary of State in Council.

Indentures of
17th August 1849,
2nd August 1853,
15th November
1854.

5. That the provisions of the said several indentures with respect to the application of the half-yearly net receipts of the said Railway Company's railway in or towards payment of the interest therein respectively mentioned, so as to exonerate the East India Company from the same, and with respect to the application of one half of the surplus of such net receipts in or towards the repayment of any sums previously paid for interest, with simple interest on such sums, shall apply to the interest hereinbefore agreed to be paid as aforesaid, and that in applying the same provisions the simple interest on sums previously paid for interest shall in all cases be reckoned at the same rate as the interest in respect of which such sums were so paid.

6. That the Secretary of State for India in Council shall from time to time, whenever he shall think fit, give to the said Railway Company six calendar months' notice in writing to raise as capital, by the issue of shares or stock, such sum or sums as may be requisite to pay off the principal moneys secured by the said debentures, representing the said sum of 1,166,700 *l.*, or any portion thereof, as and when the same shall fall due respectively; and in case the said Railway Company shall fail to pay such capital into the Bank of England to the credit of the account of the Secretary of State in Council, in accordance with such notice, then to the extent of every such default or failure all moneys which under the covenant hereinbefore in that behalf contained shall be paid by the Secretary of State in Council in payment of the principal moneys secured by said debentures, representing the said sum of 1,166,700 *l.*, or any portion thereof, shall be treated and considered as capital contributed by the Secretary

of State in Council out of the revenues of India, to the joint stock of the Great Indian Peninsula Railway Company; and in order to give full effect to the rights of the Secretary of State in Council, in respect of the capital so contributed, the Secretary of State in Council shall be at liberty at any time to name a person or persons into whose name or names, as trustee or trustees for Her Majesty on account of the Government of India, an equivalent number of shares or amount of stock may be placed and registered, and thereupon such shares or stock shall be so entered and registered accordingly.

7. That in addition to the interest payable on the said sums of 500,000 *l.*, 500,000 *l.*, 500,000 *l.*, 1,500,000 *l.*, 1,000,000 *l.*, and 2,000,000 *l.*, under the said indenture of the 7th day of August 1857, and in addition to the interest payable on the said sum of 2,000,000 *l.*, under the said indenture of the 10th day of February 1859, and in addition also to the interest payable under the said indenture of the 27th day of July 1860, and under the covenant in that behalf hereinbefore contained upon the said several sums of 333,300 *l.*, 500,000 *l.*, and 1,166,700 *l.*, making together the debenture capital of 2,000,000 *l.*, and in lieu of the interest at the rate of 4 *l.* 10 *s.* per cent. per annum, payable under the said indenture of the 15th day of November, 1854, there shall from time to time, during the residue for the time being of the said determinable term of 99 years, be paid out of the revenues of India, or moneys applicable in aid thereof to the said railway company half-yearly, on the 30th day of June and the 31st day of December in every year, interest at the rate of 5 *l.* per cent. per annum on the said further capital of 1,000,000 *l.*, raised or to be raised for the purposes of the said indenture of the 15th day of November, 1854, or on such part thereof as now has or for the time being shall have been paid by the said railway company as hereinafter mentioned; such interest being considered in the first instance as running from the day on which the same capital or such part thereof, has or shall have been so paid.

8. That the said railway company shall raise and pay such further sum of 1,000,000 *l.*, into the Bank of England to the account of the Secretary of State in Council, at such times and in such instalments as the Secretary of State in Council shall from time to time determine, so as that the said railway company shall not at any time be required to make upon the shares by which such sum shall be represented a call exceeding 2 *l.* on each such share, or at a less interval than three calendar months from the last preceding call, and so that no more than three-fourths of a share shall be called up in any one year. Provided always that if the said railway company shall raise and receive any portion of the said sum of 1,000,000 *l.* in India, it shall be lawful for them to pay the amount so received in sums of not less than 50,000 rupees into the treasury of the Government at Bombay in or towards satisfaction of the instalments aforesaid, and the acknowledgments of such respective payments there shall, when produced to the Secretary of State in Council in London, be considered and taken in part satisfaction of the said sum of 1,000,000 *l.* so to be paid as aforesaid at the exchange of 1 *s.* 10 *d.* for each Company's rupee. Provided also that such payments into the treasury at Bombay shall never exceed the amounts which may from time to time be required for expenditure in India, such limit being determined upon by the Secretary of State in Council.

9. That subject to the provisions herein contained, the covenants and provisions of the said several indentures of the 17th day of August 1849, the 2nd day of August 1853, and the 15th day of November 1854, so far as the same are now subsisting and capable of taking effect, shall be and remain in full force and effect.

In witness whereof Sir Henry Conyngham Montgomery, Baronet, and Elliot Macnaghten, Esquire, being two members of the Council of India, have hereunto set their hands and seals, and the said Railway Company have caused their common seal to be affixed the day and year first above written

RAILWAYS, &c. (EAST INDIA).

SCHEDULE of LOANS on DEBENTURES.

From 1st January 1860.				£.	£.
For three years	-	-	-	21,000	
For five years	-	-	-	194,600	
For seven years	-	-	-	117,700	
				333,300	
From 1st July 1860.					
For five years	-	-	-	52,800	
For seven years	-	-	-	38,500	
				91,300	
From 1st January 1861.					
For five years	-	-	-	49,550	
For seven years	-	-	-	34,550	
				84,100	
For five years (renewable)	-	-	-	32,950	
From 1st July 1861.					
For five years (renewable)	-	-	-	418,200	
From 1st January 1862.					
For five years (renewable)	-	-	-	540,150	
				£.	1,500,000

CONTRACT between the SECRETARY of STATE for INDIA in Council and the GREAT INDIAN PENINSULA RAILWAY COMPANY, with respect to further Debenture Capital to the extent of 1,000,000 £., and further Share Capital of 2,000,000 £., dated 17th June 1864.

THIS INDENTURE, made the 17th day of June 1864, between the SECRETARY of STATE in Council of the one part, and the GREAT INDIAN PENINSULA RAILWAY COMPANY, incorporated by an Act of Parliament of the 12th and 13th years of the reign of Her present Majesty, intituled, "An Act for incorporating the Great Indian Peninsula Railway Company, and for other purposes connected therewith" (which Act was amended by an Act of the 17th and 18th years of Her Majesty) of the other part:—

Act of Incorporation, 12 & 13 Vict. c. 83, 1 August 1849.

WHEREAS the said Great Indian Peninsula Railway Company were incorporated by the said first-mentioned Act of Parliament for the purpose of making and constructing, working and maintaining such railway or railways in the East Indies as might be agreed upon by the said railway company and the East India Company; and by the same Act the said railway company were made, subject to the clauses of the Companies' Clauses Consolidation Act, 1845, with respect (among other things) to the conversion of the borrowed money into capital; and by the same Act the said railway company were empowered from time to time to enter into and conclude with the East India Company, on account of the Government of India, such contracts, agreements, and arrangements as the respective parties might think fit and agree upon for making any railway or railways in India, and any telegraphs connected therewith, and for maintaining and working the same, including among others any provision as to the tolls, receipts, and profits thereof, and the application of such tolls, receipts, and profits, and any provisions for depositing with or paying to the East India Company all or any part of the subscribed capital of the said railway company upon any terms (as to interest or otherwise) to be agreed upon, and any provisions intended to enforce or secure the due performance of any contract or engagement to be made by the said railway company; and by the same Act it was provided that when and so soon as from time to time the whole of the capital for the time being of the said railway company should have been subscribed for, and one half of such capital should have been paid up, it should be lawful for

**Borrowing
powers.**

the said railway company from time to time to borrow money to an amount in the whole equal to one-third part of such capital for the time being in manner therein mentioned. And it was also provided that in case the said railway company should, under any agreement or agreements with the East India Company, be empowered to make or carry on any railway or railways or works in India, whatever might be the extent of such railway and railways and works, it should be lawful for the said railway company as therein mentioned, to increase the capital of the said railway company to any amount which should be certified by the East India Company to be proper and desirable, having regard to the extent of the undertakings in which the said railway company should for the time being be engaged, and every such increase of capital as aforesaid should be raised by shares or capital stock in manner therein mentioned :

**Indenture,
17 August 1849.**

And whereas by an indenture, bearing date the 17th day of August 1849, and made between the East India Company of the one part and the said railway company of the other part, it was amongst other things agreed that the said railway company should construct and open an experimental line of railway, to commence at or near Bombay, and to take a direction to or near to Callian, at an estimated cost of 500,000 *l.* or thereabouts; and that the East India Company should pay to the said railway company during the term of 99 years from the date of the said indenture, determinable by surrender or purchase of the said railway and works, as in the said indenture mentioned, interest at the rate of 5 *l.* per cent. per annum on the said sum of 500,000 *l.*, or on such part thereof as should for the time being have been paid into the treasury of the East India Company :

**Indenture,
2 August 1853.**

And whereas by an indenture bearing date the 2nd day of August 1853, and made between the East India Company of the one part and the said railway company of the other part, it was amongst other things agreed that the said railway company should construct and open a line of railway, being an extension to Shawpoor of the said experimental line, and that the said railway company should pay into the treasury of the East India Company, such moneys in excess of the said sum of 500,000 *l.* as should be required for the purposes of the said extension line, and that the East India Company should pay to the said railway company, during the residue of the said determinable term of 99 years, interest at the rate of 5 *l.* per cent. per annum on the said moneys when paid into the treasury of the East India Company, in addition to the interest on the said sum of 500,000 *l.* :

And whereas the East India Company afterwards sanctioned the raising of the sum of 500,000 *l.* for the purposes of the said indenture, of the 2nd day of August 1853 :

**Indenture,
15 Nov. 1854.**

And whereas by an indenture bearing date the 15th day of November 1854, and made between the East India Company of the one part and the said railway company of the other part, it was amongst other things agreed that the said railway company should construct an extension line of railway on the north-east from Shawpoor, called the North Eastern Extension Line, and an extension line of railway on the south-east from Callian, called the South Eastern Extension Line, in such direction and to such points respectively as might be determined by the East India Company. And that the said railway company should raise and pay into the treasury of the East India Company the amount, according to the cost to be certified by the East India Company, required for the making of such extension lines, at such times and in such instalments as the East India Company should from time to time determine, so as the sums to be paid in any one year should not exceed 300,000 *l.*, unless the said railway company should consent to pay in a larger sum. And that in particular for providing for the expenses of the surveys to be made as therein mentioned, and of making the said South Eastern Extension Line, the said railway company should raise and pay into the treasury of the East India Company, in the first instance, the sum of 1,000,000 *l.*, as the East India Company might from time to time require; and that the East India Company should, during the residue of the said determinable term of 99 years, in addition to the interest payable under the hereinbefore recited indentures, pay to the said railway company interest at the rate of 4 *l.* 10 *s.* per cent. per annum on such part of the sum of 1,000,000 *l.* as should for the time being have been paid into the treasury of the East India Company,

Company, and at the like rate on such further sums as might for the purposes of the contract now in recital, or of the said extension lines, or either of them, be paid into the treasury of the East India Company :

And whereas by an indenture bearing date the 10th day of October 1855, and made between the East India Company of the one part and the said railway company of the other part, after certain recitals, whereby it appeared that under the power in that behalf given by the first-mentioned Act, the said railway company, with the approval of the East India Company, had raised the sum of 333,300 *l.* by bonds or debentures, bearing interest at the rate of 4 *l.* 10 *s.* per centum per annum, and had paid the same into the treasury of the East India Company. It was amongst other things agreed, that the East India Company should provide for the payment of such interest payable in respect of the said debentures, and should pay the principal sums secured thereby on the 1st day of January 1860 :

Indenture,
10 October 1855.

And whereas in lieu of the said sum of 1,000,000 *l.* mentioned in the said indenture of the 15th day of November 1854, the East India Company, in the month of December 1854, sanctioned the raising of the sum of 500,000 *l.* for the purposes of the same indenture, and agreed to pay interest thereon at the rate of 5 *l.* per cent. per annum, instead of 4 *l.* 10 *s.* per cent. per annum, as provided by the same indenture ; and in the month of August 1855, the East India Company agreed that the said several sums of 500,000 *l.* and 500,000 *l.* previously authorised to be raised for the purposes of the said indentures of the 17th day of August 1849, and the 2nd day of August 1853, and bearing interest at the rate of 5 *l.* per cent. per annum, or any part of the same sums, might be made available for the purposes of the said indentures of the 15th day of November 1854, and in the months of January, May, and November 1856, respectively, the East India Company sanctioned the raising of the respective additional sums of 1,500,000 *l.*, 1,000,000 *l.*, and 2,000,000 *l.* for the purposes of the said indenture of the 15th day of November 1854 :

Rate of interest.

And whereas by an indenture bearing date the 7th day of August 1857, and made between the East India Company of the one part and the said railway company of the other part, it was provided and agreed that the East India Company should, in addition to the interest payable under the said indenture of the 10th day of October 1855, and in lieu of the interest at the rate of 4 *l.* 10 *s.* per cent. per annum payable under the said indenture of the 15th day of November 1854, during the residue for the time being of the said determinable term of 99 years, pay to the said railway company interest at the rate of 5 *l.* per cent. per annum, on the said sums of 500,000 *l.*, 500,000 *l.*, 500,000 *l.*, 1,500,000 *l.*, 1,000,000 *l.*, and 2,000,000 *l.*, or on such parts thereof respectively as had been or for the time being should have been paid into the treasury of the East India Company ; and also interest on any further capital to be raised for the purposes of the said indenture of the 15th day of November 1854, at the rate of 4 *l.* 10 *s.* per cent. per annum, or at such higher rate in lieu of the interest at 4 *l.* 10 *s.* per cent. per annum, payable under the said indenture of the 15th day of November 1854, as by any indorsements to be from time to time made on the indenture now in recital, or by any separate instruments to be respectively sealed with the corporate seals of the said companies respectively, should be specified in that behalf. And by the indenture now in recital, it was further provided (such provision being in lieu of the provisions of the said indenture of the 15th day of November 1854, concerning the times and instalments at and by which the capital to be thereunder provided should be paid) that the said railway company should raise and pay into the treasury of the East India Company the capital to be raised, and paid under the said indenture of the 15th day of November 1854, at such times and in such instalments as the East India Company should from time to time determine, so as that the said railway company should not at any time be required to make upon the shares by which such capital should be raised, a call exceeding 2 *l.* on each share, or at a less interval than three calendar months from the last preceding call :

Indenture,
7 August.

And whereas under the provisions of the Act passed in the 21st and 22nd years of Her Majesty, intituled, "An Act for the better government of India," the benefit of the hereinbefore recited indentures of contract became vested in Her Majesty for the purposes of the Government of India ; and, save as other-

wise provided by the said Act, one of Her Majesty's principal Secretaries of State was authorised to have and perform all such and the like powers and duties relating to the government or revenues of India, as might or should have been exercised or performed by the East India Company; and the Secretary of State in Council, with the concurrence of a majority of votes at a meeting of the Council of India, was empowered to enter into any contracts whatsoever as might be thought fit for the purposes of that Act, and all moneys payable to the said railway company in respect of the said indenture of contract, and all liabilities to be contracted on account of the Government of India, were charged and made chargeable on the revenues of India:

Indenture,
10 February 1859.

And whereas, by an indenture bearing date the 10th day of February 1859, and made between the Right Honourable Edward Henry Stanley, commonly called Lord Stanley, one of Her Majesty's Principal Secretaries of State, Sir Frederick Currie, Baronet, Vice President of the Council of India, and divers persons therein named, members of the Council of India, of the one part, and the said railway company of the other part, it was agreed that in addition to the interest payable under the hereinbefore recited indenture of the 10th day of October 1855, and in addition to the interest payable on the said sums of 500,000 *l.*, 500,000 *l.*, 500,000 *l.*, 1,500,000 *l.*, 1,000,000 *l.*, and 2,000,000 *l.*, under the hereinbefore recited indenture of the 7th day of August 1857, and in lieu of the interest at the rate of 4 *l.* 10 *s.* per cent. per annum payable under the said indenture of the 15th day of November 1854, there should, during the residue of the said determinable term of 99 years be paid out of the revenues of India, or moneys applicable in aid thereof, interest at the rate of 5 *l.* per cent. per annum on the further sum of 2,000,000 *l.*, or on such part thereof as should for the time being have been paid by the said railway company as thereafter mentioned, and that the said railway company should raise and pay such further sum of 2,000,000 *l.* into the Bank of England, to the account of the Secretary of State in Council of India, at such times and in such instalments as the Secretary of State in Council should determine, subject as therein mentioned:

Indenture,
27 July 1860.

And whereas under and in accordance with the provisions of an indenture bearing date the 27th day of July 1860, and made between the Secretary of State in Council of the one part and the said railway company of the other part, the sum of 333,300 *l.*, which was raised in the year 1855, and was payable on the 1st day of January 1860, was continued and still remains on loan secured by bonds or debentures, bearing interest at the rate of 5 *l.* per cent. per annum, and the said railway company, with the sanction of the Secretary of State in Council, raised a further sum of 500,000 *l.* on the security of bonds or debentures bearing interest at the same rate, and paid such further sum into the Bank of England to the account of the Secretary of State in Council. And by such last-mentioned indenture it was, amongst other things, agreed that the Secretary of State in Council should provide for the payment of the interest payable in respect of the debentures representing the said sums of 333,300 *l.* and 500,000 *l.* respectively, and should pay the principal sums secured thereby respectively on the days therein respectively mentioned for payment of the same:

Indenture,
19 Sept. 1862.

And whereas by an indenture bearing date the 19th day of September 1862, and made between the Secretary of State in Council of the one part, and the said railway company of the other part, after certain recitals whereby it appeared that it had been agreed that the said railway company should raise money on loan until the sum of 1,166,700 *l.* (making together with the said sums of 333,300 *l.* and 500,000 *l.* the sum of 2,000,000 *l.*) should have been so raised, and should create and issue debentures in respect thereof; and that the said railway company had already issued debentures in respect of 666,700 *l.*, part of the said sum of 1,166,700 *l.*, and had paid the said sum of 666,700 *l.* into the Bank of England to the account of the Secretary of State in Council; and that it had been also agreed that the said railway company should raise a further sum of 1,000,000 *l.* by the issue of shares or capital stock for the purposes of the said indenture of the 15th day of November 1854; it was, amongst other things, agreed that the said railway should from time to time, until the whole of the said sum of 1,166,700 *l.*, inclusive of the said sum of 666,700 *l.*, part thereof, in addition to the said sums of 333,300 *l.* and 500,000 *l.*, should have been advanced, receive moneys on loan at a rate of interest not exceeding 5 *l.* per

5 l. per cent. per annum, and issue debentures for securing the principal sums advanced and interest thereon in manner and subject as therein mentioned, and that the Secretary of State in Council should provide for the payment of the interest payable in respect of the debentures representing the said sum of 1,166,700 l., or any portion thereof, and should provide for the payment of the principal sum secured by any such debenture on the day therein named for such payment. And it was also agreed that in addition to the interest payable on the said sums of 500,000 l., 500,000 l., 500,000 l., 1,500,000 l., 1,000,000 l., and 2,000,000 l. under the hereinbefore recited indenture of the 7th day of August 1857, and in addition to the interest payable on the said sum of 2,000,000 l. under the hereinbefore recited indenture of the 10th day of February 1859, and in addition also to the interest payable under the said indenture of the 27th day of July 1860, and under the covenant thereinbefore contained upon the said several sums of 333,300 l., 500,000 l., and 1,166,700 l., making together the debenture capital of 2,000,000 l., and in lieu of the interest at the rate of 4 l. 10 s. per cent. per annum payable under the said indenture of the 15th day of November 1854, there should, during the residue of the said determinable term of 99 years, be paid out of the revenues of India, or moneys applicable in aid thereof, interest at the rate of 5 l. per cent. per annum on the further sum of 1,000,000 l., or on such part thereof as should for the time being have been paid as hereinafter mentioned; and that the said railway company should raise and pay such further sum of 1,000,000 l. into the Bank of England to the account of the Secretary of State in Council, at such times and in such instalments as the Secretary of State in Council should determine, subject as therein mentioned:

And whereas since the date of the last hereinbefore recited indenture it was agreed between the Secretary of State in Council and the said railway company that the rate of interest at which the said railway company should receive moneys on loan in respect of such part of the said sum of 1,166,700 l. as had not been advanced at the date of the said indenture should be 4 l. 10 s. per cent. per annum, and the said railway company have received, and are in course of receiving, such moneys secured or to be secured by debentures bearing interest at the said rate:

And whereas it has been lately agreed between the Secretary of State in Council and the said railway company that the said railway company shall raise the further sum of 1,000,000 l. on loan, at interest at the rate of 4 l. 10 s. per centum per annum (such further sum, together with the said sums of 333,300 l., 500,000 l., and 1,166,700 l., raised or authorised to be raised on loan as aforesaid, making a debenture capital of 3,000,000 l.), and shall create and issue debentures in respect of such further sum of 1,000,000 l., and that the Secretary of State in Council should guarantee the payment of the principal moneys secured by the debentures so issued, and of the interest thereof in manner hereinafter mentioned:

And whereas the debentures to be created and issued in respect of the said sum of 1,000,000 l. are to be in accordance with the form which has been approved by the Secretary of State in Council, containing an obligation on the part of the said railway company for payment of principal and interest at the bank of the London and County Banking Company on the day named in the debenture for the purposes respectively:

And whereas it has been also agreed between the Secretary of State in Council and the said railway company that the said railway company shall raise the further sum of 2,000,000 l. by the issue of shares or capital stock for the purposes of the said indenture of the 15th day of November 1854, such further sum of 2,000,000 l., together with the several sums in respect of which shares have been issued, making up the share capital of 11,000,000 l. sterling, and that the Secretary of State in Council shall pay interest at the rate of 5 l. per cent. per annum on such further sum of 2,000,000 l. as the same shall be paid by the said railway company as hereinafter mentioned:

And whereas 1,037,392 l., part of the last mentioned sum of 2,000,000 l., has accordingly been raised by the issue of new shares or capital stock, and has

been paid into the Bank of England to the credit of the account of the Secretary of State in Council of India :

And whereas the covenants herein on the part of the Secretary of State in Council are hereby declared by the Secretary of State in Council to be entered into with the concurrence of a majority of votes at a meeting of the Council :

NOW THIS INDENTURE WITNESSETH that in pursuance of the said agreements, and in consideration of the premises, the said Great Indian Peninsula Railway Company do hereby for themselves and their successors (so far as the covenants and agreements hereinafter contained are to be observed and performed by them) covenant with the Secretary of State in Council: And the Secretary of State in Council doth hereby (so far as the covenants and agreements hereinafter contained are to be observed and performed on the part of the Secretary of State in Council for the time being) covenant with the Great Indian Peninsula Railway Company and their successors in manner following (that is to say) :—

1. That when and so soon as the whole of the said sum of 1,166,700 £, in addition to the said sums of 333,300 £. and 500,000 £., shall have been received on loan by the said railway company, in accordance with the provisions of the said indenture of the 19th day of September 1862, the said railway company shall, from time to time, until the further sum of 1,000,000 £. shall have been advanced, receive sums of money on loan from any persons respectively willing to advance the same at interest at the rate of 4 £. 10 s. per cent. per annum, and shall and will create and issue debentures in accordance with the said form, which has been approved as hereinbefore mentioned, to such persons respectively for securing the repayment of the principal sums advanced by them respectively, on such day as shall be for that purpose mentioned in the said debentures respectively, and the payment of the interest on such half-yearly days as shall be therein respectively mentioned: Provided always that the receipt of money on loan and the creation and issue of debentures by the said railway company shall be at all times and in all respects subject to the supervision, direction, and control of the Secretary of State in Council.

2. That all sums of money which shall be at any time received by the said railway company on loan shall be forthwith paid into the Bank of England to the credit of the account of the Secretary of State in Council of India, and in respect of any sum or sums so received by the said railway company on loan and paid into the Bank to the credit of the said account, money may be drawn and applied by the said railway company in like manner as, under or by virtue of the provisions in that behalf contained in the several indentures of contract hereinbefore mentioned, it could be drawn and applied if such sum or sums had been capital paid by the said railway company into the Bank of England to the credit of the said account under the same several indentures.

3. That the Secretary of State in Council shall and will from time to time, as often as and when the half-yearly interest payable in respect of debentures representing the said further sum of 1,000,000 £., or any portion thereof, shall become due, and so as duly to provide for the payment of such interest, pay out of the revenues of India the amount of such interest into the bank of the London and County Banking Company, Lombard-street, or other the bankers for the time being of the said railway company, to the account called "The Great Indian Peninsula Railway Company Debenture Account," and shall and will on the day for that purpose mentioned in any debentures representing the said further sum of 1,000,000 £., or any portion thereof, and so as to make due provision in this behalf, pay out of the revenues of India into the same bank to the same account, the amount of the principal sums payable on such day, on or in respect of such debentures; and that notwithstanding anything contained in any debentures created and issued under the provisions of this contract, the said Great Indian Peninsula Railway Company shall not be subject or liable to any action or suit at law or in equity upon or by virtue of such debentures, but that the Secretary of State in Council shall and will at all times hereafter (the costs and charges being defrayed out of the revenues of India) well and sufficiently protect, and save harmless and keep indemnified, the said Great Indian Peninsula Railway Company, and their lands, tenements, goods, chattels, and effects

effects whatsoever, of, from and against all actions, suits, losses, costs, charges, damages and expenses whatsoever, which they shall or may suffer, sustain, expend or be put unto, or which shall or may be commenced, instituted, sued, or prosecuted against them by reason or in consequence of the said debentures, or any of them.

4. That the payment of the sums hereinbefore agreed to be paid by the Secretary of State in Council for interest as aforesaid shall be in full satisfaction of all interest which, under the several indentures of contract heretofore entered into between the East India Company and the said railway company, bearing date respectively the 17th day of August 1849, the 2nd day of August 1853, and the 15th day of November 1854, would or might become payable in respect of the principal moneys raised by debentures to which this contract refers, and paid into the Bank of England to the credit of the account of the Secretary of State in Council of India.

Indentures,
17 August 1849;
2 August 1853;
15 Nov. 1854.

5. That the provisions of the said several indentures with respect to the application of the half-yearly net receipts of the said railway company's railway in or towards payment of the interest therein respectively mentioned, so as to exonerate the East India Company, now represented by the Secretary of State in Council, from the same, and with respect to the application of one-half of the surplus of such net receipts in or towards the repayment of any sums previously paid for interest, with simple interest on such sums, shall apply to the interest hereinbefore agreed to be paid as aforesaid, and that in applying the same provisions the simple interest on sums previously paid for interest shall in all cases be reckoned at the same rate as the interest in respect of which sums were so paid.

6. That the Secretary of State in Council shall from time to time, whenever he shall think fit, give to the said railway company six calendar months' notice in writing to raise as capital, by the issue of shares or stock, such sum or sums as may be requisite to pay off the principal moneys secured by the debentures representing the said further sum of 1,000,000*l.*, or any portion thereof, as and when the same shall fall due; and in case the said railway company shall fail to pay such capital into the Bank of England to the credit of the account of the Secretary of State in Council, in accordance with such notice, then to the extent of every such default or failure all moneys which under the covenant hereinbefore in that behalf contained shall be paid by the Secretary of State in Council in payment of the principal moneys secured by the said debentures representing the said further sum of 1,000,000*l.*, or any portion thereof, shall be treated and considered as capital contributed by the Secretary of State in Council out of the revenues of India to the joint stock of the Great Indian Peninsula Railway Company; and in order to give full effect to the rights of the Secretary of State in Council in respect of the capital so contributed, the Secretary of State shall be at liberty at any time to name a person or persons into whose name or names, as trustee or trustees for Her Majesty on account of the Government of India, an equivalent number of shares or amount of stock may be placed and registered, and thereupon such shares or stock shall be entered and registered accordingly.

7. That in addition to the interest payable on the said sums of 500,000*l.*, 500,000*l.*, 500,000*l.*, 1,500,000*l.*, 1,000,000*l.*, and 2,000,000*l.*, under the said indenture of the 7th day of August 1857, and the interest payable on the said several sums of 2,000,000*l.* and 1,000,000*l.* under the said indentures of the 10th day of February 1859 and the 19th day of September 1862 respectively, and in addition also to the interest payable under the said indenture of the 27th day of July 1860, the said indenture of the 19th day of September 1862, and the covenant in that behalf hereinbefore contained upon the said several sums of 333,300*l.*, 500,000*l.*, 1,166,700*l.*, and 1,000,000*l.*, making together the debenture capital of 3,000,000*l.*, and in lieu of the interest at the rate of 4*l.* 10*s.* per cent. per annum, payable under the said indenture of the 15th day of November 1854, there shall from time to time during the residue for the time being of the said determinable term of 99 years, be paid out of the revenues of India, or moneys applicable in aid thereof, to the said railway company half-yearly, on the 30th day of June and the 31st day of December in every year, interest at the rate of 5*l.* per cent. per annum on the said further sum of 2,000,000*l.* raised

or to be raised for the purposes of the said indenture of the 15th day of November 1854, or on such part thereof as now has or for the time being shall have been paid by the said railway company as hereinafter mentioned; such interest being considered in the first instance as running from the day on which the same sum or such part thereof has or shall have been so paid.

8. That the said railway company shall raise and pay such further sum of 2,000,000*l.* into the Bank of England to the account of the Secretary of State in Council of India, at such times and in such instalments as the Secretary of State in Council shall from time to time determine, so as that the said railway company shall not at any time be required to make upon the shares by which such sum shall be represented a call exceeding 2*l.* on each such share, or at a less interval than three calendar months from the last preceding call, and so that no more than three-fourths of a share shall be called up in any one year: Provided always that if the said railway company shall raise and receive any portion of the said sum of 2,000,000*l.* in India, it shall be lawful for them to pay the amount so received in sums of not less than 50,000 rupees into the Treasury of the Government of Bombay, in or towards satisfaction of the instalments aforesaid, and the acknowledgments of such respective payments there, shall, when produced to the Secretary of State in Council in London, be considered and taken in part satisfaction of the said sum of 2,000,000*l.*, so to be paid as aforesaid at the exchange of 1*s.* 10*d.* for each company's rupee: provided also that such payments into the Treasury at Bombay shall never exceed the amounts which may from time to time be required for expenditure in India, such limit being determined upon by the Secretary of State in Council.

9. That, subject to the provisions herein contained, the covenants and provisions of the said several indentures of the 17th day of August 1849, the 2nd day of August 1853, and the 15th day of November 1854, so far as the same are now subsisting and capable of taking effect, shall be and remain in full force and effect.

In witness whereof Elliot Macnaghten, Esq., and Sir Proby Thomas Cautley, K.C.B., being two members of the Council of India, have hereunto set their hands and seals, and the said railway company have caused their common seal to be affixed the day and year first above written.

CONTRACT between the SECRETARY OF STATE for INDIA in Council and the GREAT INDIAN PENINSULA RAILWAY COMPANY, with respect to further Share Capital to the extent of 2,000,000 *l.*; dated 25th May 1866.

THIS INDENTURE made the 25th day of May 1866, between the SECRETARY OF STATE in Council of the one part, and the GREAT INDIAN PENINSULA RAILWAY COMPANY incorporated by an Act of Parliament of the 12th and 13th years of the reign of Her present Majesty, intituled "An Act for incorporating the Great Indian Peninsula Railway Company and for other purposes connected therewith" (which Act was amended by an Act of the 17th and 18th years of Her Majesty) of the other part.

Act of Incorporation, 12 & 13 Vlet. c. 83, 1 August 1849.

WHEREAS the said Great Indian Peninsula Railway Company were incorporated by the said first-mentioned Act of Parliament, for the purpose of making and constructing, working and maintaining such railway or railways in the East Indies as might be agreed upon by the said Railway Company and the East India Company, and by the same Act the said railway company were made subject to the clauses of "The Companies' Clauses Consolidation Act, 1845," with respect (among other things) to the conversion of the borrowed money into capital; and by the same Act the said railway company were empowered from time to time to enter into and conclude with the East India Company on account of the Government of India, such contracts, agreements, and arrangements, as the respective

respective parties might think fit and agree upon, for making any railway or railways in India, and any telegraphs connected therewith, and for maintaining and working the same, including (among others) any provision as to the tolls, receipts, and profits thereof, and the application of such tolls, receipts, and profits, and any provisions for depositing with or paying to the East India Company all or any part of the subscribed capital of the said railway company upon any terms (as to interest or otherwise) to be agreed upon, and any provisions intended to enforce or secure the due performance of any contract or engagement to be made by the said railway company; and by the same Act it was provided that when and so soon as from time to time the whole of the capital for the time being of the said railway company should have been subscribed for, and one-half of such capital, should have been paid up, it should be lawful for the said railway company from time to time to borrow money to an amount in the whole equal to one-third part of such capital for the time being in manner therein mentioned; and it was also provided that in case the said railway company should under any agreement or agreements with the East India Company be empowered to make or carry on any railway or railways or works in India, whatever might be the extent of such railway and railways and works, it should be lawful for the said railway company as therein mentioned to increase the capital of the said railway company to any amount which should be certified by the East India Company to be proper and desirable, having regard to the extent of the undertakings in which the said railway company should for the time being be engaged, and every such increase of capital as aforesaid should be raised by shares or capital stock in manner therein mentioned :

Borrowing powers-

And whereas by an indenture bearing date the 17th day of August 1849, and made between the East India Company of the one part and the said Railway Company of the other part, it was (amongst other things) agreed that the said railway company should construct and open an experimental line of railway, to commence at or near Bombay, and to take a direction to or near Callian at an estimated cost of 500,000 £., or thereabouts, and that the East India Company should pay to the said railway company during the term of 99 years from the date of the said indenture, determinable by surrender or purchase of the said railway and works as in the said indenture mentioned interest at the rate of 5 £. per cent. per annum on the said sum of 500,000 £., or on such part thereof as should for the time being have been paid into the treasury of the East India Company :

Indenture,
17 August 1849.

And whereas by an indenture bearing date the 2nd day of August 1853, and made between the East India Company of the one part and the said Railway Company of the other part, it was, amongst other things, agreed that the said railway company should construct and open a line of railway, being an extension to Shawpoor of the said experimental line, and that the said railway company should pay into the treasury of the East India Company such moneys in excess of the said sum of 500,000 £., as should be required for the purposes of the said extension line, and that the East India Company should pay to the said railway company, during the residue of the said determinable term of 99 years, interest at the rate of 5 £. per cent. per annum, on the said moneys when paid into the treasury of the East India Company, in addition to the interest on the said sum of 500,000 £. :

Indenture,
2 August 1853.

And whereas the East India Company afterwards sanctioned the raising of the sum of 500,000 £. for the purposes of the said indenture of the 2nd day of August 1853 :

And whereas by an indenture bearing date the 15th day of November 1854, and made between the East India Company of the one part and the said Railway Company of the other part, it was, amongst other things, agreed that the said railway company should construct an extension line of railway on the north-east from Shawpoor, called the North-Eastern Extension Line, and an extension line of railway on the south-east from Callian, called the South-Eastern Extension Line, in such direction, and to such points respectively as might be determined by the East India Company :

Indenture,
15 Nov. 1854.

And that the said railway company should raise and pay into the treasury of the East India Company, the amount according to the cost, to be certified by

the East India Company, required for the making of such extension lines, at such times and in such instalments as the East India Company should from time to time determine, so as the sums to be paid in any one year should not exceed 300,000 £., unless the said railway company should consent to pay in a larger sum :

And that in particular for providing for the expenses of the surveys to be made as therein mentioned, and of making the said South-Eastern Extension Line, the said railway company should raise and pay into the treasury of the East India Company, in the first instance, the sum of 1,000,000 £., as the East India Company might from time to time require, and that the East India Company should, during the residue of the said determinable term of 99 years, in addition to the interest payable under the hereinbefore recited indentures, pay to the said railway company interest at the rate of 4 £. 10 s. per cent. per annum on such part of the said sum of 1,000,000 £., as should, for the time being, have been paid into the treasury of the East India Company, and at the like rate on such further sums as might, for the purposes of the contract now in recital, or of the said extension lines, or either of them, be paid into the treasury of the East India Company :

Indenture,
10 October 1855.

And whereas by an indenture bearing date the 10th day of October 1855, and made between the East India Company of the one part and the said Railway Company of the other part, after certain recitals whereby it appeared that under the power in that behalf given by the first-mentioned Act the said railway company, with the approval of the East India Company, had raised the sum of 333,300 £. by bonds or debentures bearing interest at the rate of 4 £. 10 s. per cent. per annum, and had paid the same into the treasury of the East India Company ; it was amongst other things agreed that the East India Company should provide for the payment of such interest payable in respect of the said debentures, and should pay the principal sums secured thereby on the 1st day of January 1860 :

Rate of interest.

And whereas, in lieu of the said sum of 1,000,000 £. mentioned in the said indenture of the 15th day of November 1854, the East India Company in the month of December 1854 sanctioned the raising of the sum of 500,000 £. for the purposes of the same indenture, and agreed to pay interest thereon at the rate of 5 £. per cent. per annum instead of 4 £. 10 s. per cent. per annum, as provided by the same indenture ; and in the month of August 1855, the East India Company agreed that the said several sums of 500,000 £. and 500,000 £. previously authorised to be raised for the purposes of the said indentures of the 17th day of August 1849, and the 2nd day of August 1853, and bearing interest at the rate of 5 £. per cent. per annum, or any part of the same sums might be made available for the purposes of the said indenture of the 15th day of November 1854, and in the months of January, May, and November 1856, respectively, the East India Company sanctioned the raising of the respective additional sums of 1,500,000 £., 1,000,000 £. and 2,000,000 £. for the purposes of the said indenture of the 15th day of November 1854 :

Indenture,
7 August 1857.

And whereas by an indenture bearing date the 7th day of August 1857, and made between the East India Company of the one part and the said Railway Company of the other part, it was provided and agreed that the East India Company should, in addition to the interest payable under the said indenture of the 10th day of October 1855, and in lieu of the interest at the rate of 4 £. 10 s. per cent. per annum payable under the said indenture of the 15th day of November 1854, during the residue for the time being of the said determinable term of 99 years pay to the said railway company interest at the rate of 5 £. per cent. per annum on the said sums of 500,000 £., 500,000 £., 500,000 £., 1,500,000 £., 1,000,000 £., and 2,000,000 £., or on such parts thereof respectively as had been or for the time being should have been paid into the treasury of the East India Company, and also interest on any further capital to be raised for the purposes of the said indenture of the 15th day of November 1854, at the rate of 4 £. 10 s. per cent. per annum, or at such higher rate in lieu of the interest at 4 £. 10 s. per cent. per annum, payable under the said indenture of the 15th day of November 1854, as by any indorsements to be from time to time made on the indenture now in recital or by any separate instruments to be respectively sealed with the corporate seals of the said companies respectively should be specified in that

that behalf, and by the indenture now in recital it was further provided (such provision being in lieu of the provisions of the said indenture of the 15th day of November 1854, concerning the tithes and instalments at and by which the capital to be thereunder provided should be paid) that the said railway company should raise and pay into the treasury of the East India Company the capital to be raised and paid under the said indenture of the 15th day of November 1854, at such times and in such instalments as the East India Company should from time to time determine, so as that the said railway company should not at any time be required to make upon the shares by which such capital should be raised a call exceeding 2*l.* on each share, or at a less interval than three calendar months from the last preceding call :

And whereas, under the provisions of the Act passed in the 21st and 22nd years of Her Majesty, intituled "An Act for the Better Government of India," the benefit of the hereinbefore recited indentures of contract became vested in Her Majesty, for the purposes of the Government of India, and save as otherwise provided by the same Act one of Her Majesty's principal Secretaries of State was authorised to have and perform all such and the like powers and duties relating to the Government or Revenues of India as might or should have been exercised or performed by the East India Company and the Secretary of State in Council, with the concurrence of a majority of votes at a meeting of the Council of India, was empowered to enter into any contracts whatsoever as might be thought fit for the purposes of that Act, and all moneys payable to the said railway company in respect of the said indenture of contract, and all liabilities to be contracted on account of the Government of India were charged and made chargeable on the Revenues of India :

And whereas, by an indenture bearing date the 10th day of February 1859 and made between the Right Honourable Edward Henry Stanley, commonly called Lord Stanley, one of her Majesty's Principal Secretaries of State, Sir Frederick Currie, Baronet, Vice President of the Council of India, and divers persons therein named, members of the Council of India, of the one part, and the said Railway Company of the other part, it was agreed that, in addition to the interest payable under the hereinbefore recited indenture of the 10th day of October, 1855, and in addition to the interest payable on the said sums of 500,000 *l.*, 500,000 *l.*, 500,000 *l.*, 1,500,000 *l.*, 1,000,000 *l.*, and 2,000,000 *l.* under the hereinbefore recited indenture of the 7th day of August 1857, and in lieu of the interest at the rate of 4*l.* 10*s.* per cent. per annum, payable under the said indenture of the 15th day of November 1854, there should, during the residue of the said determinable term of 99 years, be paid out of the revenues of India, or moneys applicable in aid thereof, interest at the rate of 5*l.* per cent. per annum on the further sum of 2,000,000 *l.*, or on such part thereof as should for the time being have been paid by the said railway company, as thereafter mentioned, and that the said railway company should raise and pay such further sum of 2,000,000 *l.* into the Bank of England to the account of the Secretary of State in Council of India, at such times and in such instalments as the Secretary of State in Council should determine, subject as therein mentioned :

Indenture,
10 February 1859.

And whereas, under and in accordance with the provisions of an indenture bearing date the 27th day of July 1860, and made between the Secretary of State in Council of the one part, and the said Railway Company of the other part, the sum of 333,300 *l.* which was raised in the year 1855, and was payable on the 1st day of January 1860, was continued and still remains on loan, secured by bonds or debentures bearing interest at the rate of 5*l.* per cent. per annum ; and the said railway company, with the sanction of the Secretary of State in Council, raised a further sum of 500,000 *l.* on the security of bonds or debentures bearing interest at the same rate, and paid such further sum into the Bank of England to the account of the Secretary of State in Council, and by such last-mentioned indenture it was, amongst other things, agreed that the Secretary of State in Council should provide for the payment of the interest payable in respect of the debentures representing the said sums of 333,300 *l.* and 500,000 *l.* respectively, and should pay the principal sums secured thereby respectively, on the days therein mentioned for payment of the same.

Indenture,
27 July 1860.

Indenture,
19 Sept, 1862.

And whereas by an indenture bearing date the 19th day of September 1862, and made between the Secretary of State in Council of the one part, and the said Railway Company of the other part, after certain recitals whereby it appeared that it had been agreed that the said railway company should raise money on loan until the sum of 1,166,700 *l.* (making together, with the said sums of 333,300 *l.* and 500,000 *l.*, the sum of 2,000,000 *l.*), should have been so raised and should create and issue debentures in respect thereof; and that the said railway company had already issued debentures in respect of 666,700 *l.*, part of the said sum of 1,166,700 *l.*, and had paid the said sum of 666,700 *l.* into the Bank of England to the account of the Secretary of State in Council; and that it had been also agreed that the said railway company should raise a further sum of 1,000,000 *l.* by the issue of shares or capital stock, for the purposes of the said indenture of the 15th day of November 1854. It was amongst other things agreed that the said railway company should from time to time, until the whole of the said sum of 1,166,700 *l.* (inclusive of the said sum of 666,700 *l.* part thereof), in addition to the said sums of 333,300 *l.* and 500,000 *l.* should have been advanced, receive moneys on loan at a rate of interest not exceeding 5 *l.* per cent. per annum, and issue debentures for securing the principal sums advanced, and interest thereon, in manner and subject as therein mentioned, and that the Secretary of State in Council should provide for the payment of the interest payable in respect of the debentures representing the said sum of 1,166,700 *l.* or any portion thereof, and should provide for the payment of the principal sum secured by any such debenture on the day therein mentioned for such payment. And it was also agreed that in addition to the interest payable on the said sums of 500,000 *l.*, 500,000 *l.*, 500,000 *l.*, 1,500,000 *l.*, 1,000,000 *l.*, and 2,000,000 *l.*, under the hereinbefore recited indenture of the 7th day of August 1857, and in addition to the interest payable on the said sum of 2,000,000 *l.* under the hereinbefore recited indenture of the 10th day of February 1859, and in addition also to the interest payable under the said indenture of the 27th day of July 1860, and under the covenant thereinbefore contained upon the said several sums of 333,300 *l.*, 500,000 *l.*, and 1,166,700 *l.* (making together the debenture capital of 2,000,000 *l.*), and in lieu of the interest at the rate of 4 *l.* 10 *s.* per cent. per annum, payable under the said indenture of the 15th day of November 1854, there should during the residue of the said determinable term of 99 years be paid out of the revenues of India, or moneys applicable in aid thereof, interest at the rate of 5 *l.* per cent. per annum on the further sum of 1,000,000 *l.* or on such part thereof as should for the time being have been paid as hereinafter mentioned, and that the said railway company should raise and pay such further sum of 1,000,000 *l.* into the Bank of England to the account of the Secretary of State in Council at such times and in such instalments as the Secretary of State in Council should determine subject as therein mentioned :

Indenture,
17 June 1864.

And whereas by an indenture, bearing date the 17th day of June, 1864, and made between the Secretary of State in Council of the one part, and the Great Indian Peninsula Railway Company of the other part: After recitals whereby it appeared that since the date of the last hereinbefore recited indenture, it had been agreed that the rate of interest at which the said railway company should receive moneys on loan in respect of such part of the said sum of 1,166,700 *l.* as had not been advanced at the date of the same indenture should be 4 *l.* 10 *s.* per cent. per annum, and the said railway company had received and were in course of receiving such moneys secured or to be secured by debentures bearing interest at the said rate; and that it had been lately agreed that the said railway company should raise the further sum of 1,000,000 *l.* on loan at interest at the rate of 4 *l.* 10 *s.* per cent. per annum (making together with the said sums of 333,300 *l.*, 500,000 *l.* and 1,166,700 *l.* a debenture capital of 3,000,000 *l.*), and should create and issue debentures in respect of such further sum of 1,000,000 *l.*, and that the Secretary of State in Council should guarantee the payment of the principal moneys secured by the debentures so issued and of the interest thereof in manner hereinafter mentioned, and that it had been also agreed that the said railway company should raise a further sum of 2,000,000 *l.* by the issue of shares or capital stock for the purposes of the said indenture of the 15th day of November 1854, and that 1,037,392 *l.*, part of the last-mentioned sum of 2,000,000 *l.*, had

had accordingly been raised by the issue of new shares or capital stock, and had been paid into the Bank of England to the credit of the account of the Secretary of State in Council of India, it was amongst other things agreed that when and so soon as the whole of the said sum of 1,166,700 *l.* in addition to the said sums of 333,300 *l.* and 500,000 *l.* should have been received on loan by the said railway company, in accordance with the provisions of the said indenture of the 19th day of September 1862, the said railway company should from time to time until the further sum of 1,000,000 *l.* should have been advanced, receive sums of money on loan at interest at the rate of 4 *l.* 10 *s.* per cent. per annum, and issue debentures for securing the principal sums advanced and interest thereon in manner and subject as therein mentioned, and that the Secretary of State in Council should in manner therein mentioned provide for the payment of the interest payable in respect of the debentures representing the said further sum of 1,000,000 *l.* or any portion thereof, and should provide for the payment of the principal sums secured by any such debentures on the days therein respectively named for such payment:

And it was also agreed that in addition to the interest payable on the said sums of 500,000 *l.*, 500,000 *l.*, 500,000 *l.*, 1,500,000 *l.*, 1,000,000 *l.*, and 2,000,000 *l.*, under the said indenture of the 7th day of August 1857, and the interest payable on the said several sums of 2,000,000 *l.* and 1,000,000 *l.*, under the said indentures of the 10th day of February 1859, and the 19th day of September 1862, respectively, and in addition to the interest payable under the said indenture of the 27th day of July 1860, the said indenture of the 19th day of September 1862, and the covenant in that behalf thereinbefore contained, upon the said several sums of 333,300 *l.*, 500,000 *l.*, 1,166,700 *l.*, and 1,000,000 *l.*, making together the debenture capital of 3,000,000 *l.*, and in lieu of the interest at the rate of 4 *l.* 10 *s.* per cent. per annum, payable under the said indenture of the 15th day of November 1854, there should from time to time during the residue for the time being of the said determinable term of 99 years be paid out of the revenues of India, or moneys applicable in aid thereof, to the said railway company, interest at the rate of 5 *l.* per cent. per annum on the said further sum of 2,000,000 *l.*, or on such part thereof as should for the time being have been paid as hereinafter mentioned. And that the said railway company should raise and pay such further sum of 2,000,000 *l.* into the Bank of England to the account of the Secretary of State in Council of India, at such times and in such instalments as the Secretary of State in Council should from time to time determine, subject as therein mentioned: Further share capital,

And whereas it has been agreed between the Secretary of State in Council and the said Railway Company, that the said railway company shall raise a further sum of 2,000,000 *l.* by the issue of shares or capital stock for the purposes of the said indenture of the 15th day of November 1854 (such further sum of 2,000,000 *l.*, together with the several sums, in respect of which shares have been issued, making up the share capital of 13,000,000 *l.* sterling), and that the Secretary of State in Council shall pay interest at the rate of 5 *l.* per cent. per annum on such further sum of 2,000,000 *l.*, as the same shall be paid by the said railway company as hereinafter mentioned.

And whereas the sum of 950,000 *l.*, part of the last-mentioned sum of 2,000,000 *l.*, has accordingly been raised by the issue of new shares or capital stock, and has been paid into the Bank of England to the credit of the account of the Secretary of State in Council of India:

And whereas the covenants herein contained on the part of the Secretary of State in Council, are hereby declared by the Secretary of State in Council to be entered into with the concurrence of a majority of votes at a meeting of the Council.

NOW THIS INDENTURE WITNESSETH, that in pursuance of the said agreement and in consideration of the premises, the said Great Indian Peninsula Railway Company, do hereby for themselves and their successors (so far as the covenants and agreements hereinafter contained are to be observed and performed by them) covenant with the Secretary of State in Council: And the Secretary of State in Council doth hereby (so far as the covenants and agreements hereinafter contained, are to be observed and performed on the part of the Secretary of State

in Council for the time being) covenant with the Great Indian Peninsula Railway Company and their successors in manner following (that is to say):—

1. That in addition to the interest payable on the said sums of 500,000 *l.*, 500,000 *l.*, 500,000 *l.*, 1,500,000 *l.*, 1,000,000 *l.*, and 2,000,000 *l.*, under the said indenture of the 7th day of August 1857, and the interest payable on the said several sums of 2,000,000 *l.*, 1,000,000 *l.*, and 2,000,000 *l.*, under the said indentures of the 10th day of February 1859, the 19th day of September 1862, and the 17th day of June 1864, respectively, and in addition also to the interest payable under the said indenture of the 27th day of July 1860, the said indenture of the 19th day of September 1862, and the said indenture of the 17th day of June 1864, upon the said several sums of 333,300 *l.*, 500,000 *l.*, 1,166,700 *l.*, and 1,000,000 *l.* (making together the debenture capital of 3,000,000 *l.*), and in lieu of the interest at the rate of 4 *l.* 10 *s.* per cent. per annum, payable under the said indenture of the 15th day of November 1854, there shall from time to time, during the residue for the time being of the said determinable term of 99 years, be paid out of the revenues of India, or moneys applicable in aid thereof, to the said railway company, half-yearly on the 30th day of June, and the 31st day of December in every year, interest at the rate of 5 *l.* per cent. per annum on the said further sum of 2,000,000 *l.*, raised or to be raised for the purposes of the said indenture of the 15th day of November 1854, or on such part thereof as now has, or for the time being shall have been paid by the said railway company as hereinafter mentioned, such interest being considered in the first instance as running from the day on which the same sum or such part thereof has or shall have been so paid.

2. That the said railway company shall raise and pay into the Bank of England, to the account of the Secretary of State in Council of India, such further sum of 2,000,000 *l.* or so much thereof as has not been already raised and paid at such times and in such instalments as the Secretary of State in Council shall from time to time determine, so as that the said railway company shall not at any time be required to make, upon the shares by which such sum shall be represented, a call exceeding 2 *l.* on each such share, or at a less interval than three calendar months from the last preceding call, and so that no more than three-fourths of a share shall be called up in any one year. Provided always, that if the said railway company shall raise and receive any portion of the said 2,000,000 *l.* in India, it shall be lawful for them to pay the amount so received in sums of not less than 50,000 rupees, into the treasury of the government at Bombay, in or towards satisfaction of the instalments aforesaid, and the acknowledgments of such respective payments there shall, when produced to the Secretary of State in Council in London, be considered and taken in part satisfaction of the said sum of 2,000,000 *l.* so to be paid as aforesaid, at the exchange of 1 *s.* 10 *d.* for each Company's rupee: Provided also that such payments into the treasury at Bombay shall never exceed the amounts which may from time to time be required for expenditure in India, such limit being determined upon by the Secretary of State in Council.

3. That subject to the provisions herein contained, the covenants and provisions of the said several indentures of the 17th day of August 1849, the 2nd day of August 1853, and the 15th day of November 1854, so far as the same are now subsisting and capable of taking effect, shall be and remain in full force and effect.

In witness whereof Elliot Macnaghten, Esquire, and Major General William Erskine Baker, being two members of the Council of India, have hereunto set their hands and seals, and the said railway company have caused their common seal to be affixed the day and year first above written.

CONTRACT between the **SECRETARY** of **STATE** in **Council** and the **GREAT INDIAN PENINSULA RAILWAY COMPANY**, with respect to further **Debenture Capital** to the extent of **1,000,000*l.***, dated **12th April 1867**.

THIS INDENTURE, made the **12th day of April 1867**, between the **Secretary of STATE** in **Council** of the one part, and the **GREAT INDIAN PENINSULA RAILWAY COMPANY**, incorporated by an Act of Parliament of the **12th and 13th years** of the reign of Her present Majesty, intituled "**An Act to incorporate the Great Indian Peninsula Railway Company, and for other purposes connected therewith**" (which Act was Amended by an Act of the **17th and 18th years** of Her present Majesty), of the other part.

WHEREAS the said **Great Indian Peninsula Railway Company** were incorporated by the said first-mentioned Act of Parliament, for the purpose of making and constructing, working and maintaining such railway or railways, in the **East Indies**, as might be agreed upon by the said **Railway Company** and the **East India Company**, and by the same Act the said railway company were empowered from time to time to enter into and conclude with the **East India Company**, on account of the **Government of India**, such contracts, agreements, and arrangements, as the respective parties might think fit and agree upon for making any railway or railways in **India**, and any telegraphs connected therewith, and for maintaining and working the same, including (among others) any provisions as to the application of the tolls, receipts and profits thereof, and any provisions intended to enforce or secure the due performance of any contract or engagement to be made by the said railway company. And by the same Act it was provided, that when and so soon as from time to time the whole of the capital for the time being of the said railway company should have been subscribed for, and one-half of such capital should have been paid up, it should be lawful for the said railway company from time to time to borrow money to an amount in the whole equal to one-third part of such capital for the time being in manner therein mentioned. And it was also provided, that in case the said railway company should, under any agreement or agreements with the **East India Company**, be empowered to make or carry on any railway or railways or works in **India**, whatever might be the extent of such railway or railways, it should be lawful for the said railway company to increase the capital of the said railway company to any amount which should be certified by the **East India Company** to be proper and desirable, having regard to the extent of the undertakings in which the said railway company should for the time being be engaged, and every such increase of capital as aforesaid should be raised by shares, or capital stock, in manner therein mentioned :

And whereas, by an indenture bearing date the **17th day of August 1849**, and made between the **East India Company** of the one part, and the said **Railway Company** of the other part, it was, amongst other things, agreed that the said railway company should construct and open an experimental line of railway, to commence at or near **Bombay**, and to take a direction to or near to **Callian**, at an estimated cost of **500,000*l.***, or thereabouts, and that the **East India Company** should pay to the said railway company, during the term of **99 years** from the date of said indenture, determinable by surrender or purchase of the said railway and works, as in the indenture mentioned, interest at the rate of **5*l.*** per cent. per annum on the said sum of **500,000*l.***, or on such part thereof as should for the time being have been paid into the treasury of the **East India Company** :

And whereas, by an indenture bearing date the **2nd day of August 1853**, and made between the **East India Company** of the one part, and the said **Railway Company** of the other part, it was amongst other things agreed that the said railway company should construct and open a line of railway, being an extension to **Shawpoor** of the said experimental line, and that the said railway company should pay into the treasury of the **East India Company** such moneys in excess of the said sum of **500,000*l.*** as should be required for the purposes of the said extension line, and that the **East India Company** should pay to the said railway company

company, during the residue of the said determinable term of 99 years, interest at the rate of 5*l.* per cent. per annum on the said moneys, when paid into the treasury of the East India Company, in addition to the interest on the said sum of 500,000*l.* :

And whereas the East India Company afterwards sanctioned the raising of the sum of 500,000*l.* for the purposes of the said indenture of the 2nd day of August 1853 :

And whereas, by an indenture bearing date the 15th day of November 1854, and made between the East India Company of the one part, and the said Railway Company of the other part, it was amongst other things agreed that the said railway company should construct an extension line of railway on the north-east from Shawpoor, called the North-Eastern Extension line, and an extension line of railway on the south-east from Callian, called the South-Eastern Extension line, in such direction, and to such points respectively, as might be determined by the East India Company, and that the said railway company should raise and pay into the treasury of the East India Company the amount, according to the cost to be certified by the East India Company, required for the making of such extension lines, at such times and in such instalments as the East India Company should from time to time determine, so as the sums to be paid in any one year should not exceed 300,000*l.*, unless the said railway company should consent to pay in a larger sum, and that in particular for providing for the expenses of the surveys to be made as therein mentioned, and of making the said South-Eastern Extension line, the railway company should raise and pay into the treasury of the East India Company, in the first instance, the sum of 1,000,000*l.*, as the East India Company might from time to time require, and that the East India Company should during the residue of the said determinable term of 99 years, in addition to the interest payable under the hereinbefore recited indentures, pay to the said railway company interest at the rate of 4*l.* 10*s.* per cent. per annum on such part of the said sum of 1,000,000*l.* as should for the time being have been paid into the treasury of the East India Company, and at the like rate on such further sums as might for the purposes of the contract now in recital, or of the said extension lines, or either of them, be paid into the treasury of the East India Company :

And whereas, by an indenture bearing date the 10th day of October 1855, and made between the East India Company of the one part, and the said Railway Company of the other part, after recitals whereby it appeared that under the power in that behalf given by the said first-mentioned Act, the said railway company, with the approval of the East India Company, had raised the sum of 333,300*l.*, by bonds or debentures, bearing interest at the rate of 4*l.* 10*s.* per cent. per annum, and had paid the same into the treasury of the East India Company, it was amongst other things agreed, that the East India Company should provide for the payment of such interest payable in respect of the said debentures, and should pay the principal sums secured thereby on the 1st day of January 1860 :

And whereas, in lieu of the said sum of 1,000,000*l.*, mentioned in the said indenture of the 15th day of November 1854, the East India Company, in the month of December 1854, sanctioned the raising of the sum of 500,000*l.* for the purposes of the same indenture, and agreed to pay interest thereon, at the rate of 5*l.* per cent. per annum, instead of 4*l.* 10*s.* per cent. per annum, as provided by the same indenture, and in the month of August 1855, the East India Company agreed that the several sums of 500,000*l.*, and 500,000*l.* previously authorised to be raised, for the purposes of the said indenture of the 17th day of August 1849, and the 2nd day of August 1853, and bearing interest at the rate of 5*l.* per cent. per annum, or any part of the same sums, might be made available for the purposes of the said indenture of the 15th day of November 1854, and in the months of January, May, and November, 1856, respectively, the East India Company sanctioned the raising of the respective additional sums of 1,500,000*l.*, 1,000,000*l.*, and 2,000,000*l.*, for all the purposes of the said indenture of the 15th day of November 1854 :

And whereas, by an indenture bearing date the 7th day of August 1857, and made between the East India Company of the one part, and the said Railway Company

pany of the other part, it was provided and agreed that the East India Company should, in addition to the interest payable under the said indenture of the 10th day of October 1855, and in lieu of the interest at the rate of 4*l.* 10*s.* per cent. per annum, payable under the said indenture of the 15th day of November 1854, during the residue for the time being of the said determinable term of 99 years, pay to the said railway company interest, at the rate of 5*l.* per cent. per annum, on the said sums of 500,000*l.*, 500,000*l.*, 500,000*l.*, 1,500,000*l.*, 1,000,000*l.*, and 2,000,000*l.*, or on such parts thereof respectively as had been or for the time being should have been paid into the treasury of the East India Company, and also interest on any further capital to be raised for the purposes of the said indenture of the 15th day of November 1854, at such higher rate, if agreed on, than 4*l.* 10*s.* per cent. per annum, as by any indorsements to be from time to time made on the indenture now in recital, or by any separate instruments to be respectively sealed with the corporate seals of the said companies respectively, should be specified in that behalf; and, by the indenture now in recital, it was further provided (such provision being in lieu of the provisions of the said indenture of the 15th day of November 1854, concerning the times and instalments at and by which the capital to be thereunder provided should be paid) that the said railway company should raise and pay into the treasury of the East India Company the capital to be raised and paid under the said indenture of the 15th day of November 1854, at such times and in such instalments as the East India Company should from time to time determine, so as that the said railway company should not at any time be required to make, upon the shares by which such capital should be raised, a call exceeding 2*l.* on each share, at a less interval than three calendar months from the last preceding call :

And whereas, under the provisions of the Act passed in the 21st and 22nd years of Her Majesty, intituled "An Act for the better government of India," the benefit of the hereinbefore recited indentures of contract became vested in Her Majesty for the purposes of the Government of India, and, save as otherwise provided by the said Act, one of Her Majesty's principal Secretaries of State has and may perform all such and the like powers and duties relating to the government or revenues of India, as might or should have been exercised or performed by the East India Company; and the Secretary of State in Council, with the concurrence of a majority of votes at a meeting of the Council of India, has full powers to enter into any contracts whatsoever, as may be thought fit for the purposes of that Act, and all moneys payable in respect of the said indentures of contract, and all liabilities to be contracted on account of the Government of India are charged and made chargeable on the revenues of India:

And whereas by an indenture bearing date the 10th day of February 1859, and made between the Right Honourable Edward Henry Stanley (commonly called Lord Stanley) one of Her Majesty's principal Secretaries of State, Sir Frederick Currie, baronet, Vice-President of the Council of India, and divers other persons therein named, members of the Council of India (being the Secretary of State in Council of India) of the one part, and the said Railway Company of the other part, it was agreed that, in addition to the interest payable under the hereinbefore recited indenture of the 10th day of October 1855, and in addition to the interest payable on the said sums of 500,000*l.*, 500,000*l.*, 500,000*l.*, 1,500,000*l.*, 1,000,000*l.*, and 2,000,000*l.*, under the said indenture of the 7th day of August 1857, and in lieu of the interest at the rate of 4*l.* 10*s.* per cent. per annum, payable under the said indenture of the 15th day of November 1854, there should, during the residue of the said determinable term of 99 years, be paid out of the revenues of India interest at the rate of 5*l.* per cent. per annum on the further sum of 2,000,000*l.*, or on such part thereof as should for the time being have been paid by the said railway company, as thereafter mentioned; and that the said railway company should raise and pay such further sum of 2,000,000*l.* into the Bank of England, to the account of the Secretary of State in Council of India, at such times and in such instalments as the Secretary of State in Council should determine, subject as therein mentioned :

And whereas by an indenture bearing date the 27th day of July 1860, and made between the Secretary of State in Council of the one part, and the said Railway Company of the other part, after recitals whereby it appeared that the

said sum of 333,300 *l.*, which was raised in the year 1855, and was payable on the 1st day of January 1860, had been continued on loan, and was secured by bonds or debentures bearing interest at the rate of 5 *l.* per cent. per annum; and that it had been agreed between the Secretary of State in Council and the said Railway Company, that the said railway company should raise money on loan, until the sum of 500,000 *l.*, in addition to the said sum of 333,300 *l.* should have been so raised, and should create and issue debentures in respect thereof; it was amongst other things agreed that the Secretary of State in Council should provide for the payment of the interest payable in respect of the debentures representing the said sums of 333,300 *l.* and 500,000 *l.* respectively, and should pay the principal secured thereby respectively on the days therein respectively mentioned for payment of the same:

And whereas the said railway company, with the sanction of the Secretary of State in Council, raised the said further sum of 500,000 *l.* by bonds or debentures bearing interest at the rate of 5 *l.* per cent. per annum, and paid such further sum into the Bank of England to the account of the Secretary of State in Council:

And whereas by an indenture bearing date the 19th day of September 1862, and made between the Secretary of State in Council of the one part, and the said Railway Company of the other part, after recitals whereby it appeared that it had been agreed that the said railway company should raise money on loan until the sum of 1,166,700 *l.* (making together with the said sums of 333,300 *l.* and 500,000 *l.* the sum of 2,000,000 *l.*), should have been so raised, and should create and issue debentures in respect thereof; and that the said railway company had already issued debentures in respect of 666,700 *l.*, part of the said sum of 1,166,700 *l.*, and had paid the said sum of 666,700 *l.* into the Bank of England to the account of the Secretary of State in Council, and that it had been also agreed that the said railway company should raise a further sum of 1,000,000 *l.* by the issue of share or capital stock for the purposes of the said indenture of the 15th day of November 1854, it was amongst other things agreed that that the said railway company should from time to time, until the whole of the said sum of 1,166,700 *l.* (inclusive of the said sum of 666,700 *l.*, part thereof), in addition to the said sums of 333,300 *l.* and 500,000 *l.*, should have been advanced, receive sums of money on loan from any person respectively willing to advance the same at a rate of interest not exceeding 5 *l.* per cent. per annum, and upon debentures for securing the principal sums advanced and interest thereon, in manner and subject as therein mentioned; and that the Secretary of State in Council should provide for the payment of the interest payable in respect of the debentures representing the said sum of 1,166,700 *l.*, or any portion thereof, and should provide for the payment of the principal sum secured by any such debentures, on the day therein named for such payment. And it was also agreed that in addition to the interest payable on the said sums of 500,000 *l.*, 500,000 *l.*, 500,000 *l.*, 1,500,000 *l.*, 1,000,000 *l.* and 2,000,000 *l.* under the hereinbefore recited indenture of the 7th day of August 1857; and in addition to the interest payable on the said sum of 2,000,000 *l.* under the hereinbefore recited indenture of the 10th day of February 1859, and in addition also to the interest payable under the said indenture of the 27th day of July 1860, and under the covenant thereinbefore contained, upon the several sums of 333,300 *l.*, 500,000 *l.*, and 1,166,700 *l.* (making together the debenture capital of 2,000,000 *l.*), and in lieu of the interest at the rate of 4 *l.* 10 *s.* per cent. per annum payable under the said indenture of the 15th day of November 1854, there should during the residue of the said determinable term of 99 years, be paid out of the revenues of India, or moneys applicable in aid thereof, interest at the rate of 5 *l.* per cent. per annum on the further sum of 1,000,000 *l.*, or on such part thereof as should for the time being have been paid as hereinafter mentioned; and that the said railway company should raise and pay such further sum of 1,000,000 *l.* into the Bank of England to the account of the Secretary of State in Council, at such times and in such instalments as the Secretary of State in Council should determine, subject as therein mentioned:

And whereas by an indenture bearing date the 17th day of June 1864, and made between the Secretary of State in Council of the one part, and the said Railway Company of the other part, after recitals whereby it appeared that since the

the date of the last hereinbefore recited indenture it had been agreed that the rate of interest at which the said railway company should receive moneys on loan in respect of such part of the said sum of 1,166,700 *l.*, as had not been advanced at the date of the same indenture should be 4 *l.* 10 *s.* per cent. per annum, and the said railway company had received and were in course of receiving such moneys secured or to be secured by debentures bearing interest at the said rate. And that it had been lately agreed that the said railway company should raise the further sum of 1,000,000 *l.* on loan, at interest at the rate of 4 *l.* 10 *s.* per cent. per annum (making together with the said sums of 333,300 *l.*, 500,000 *l.*, and 1,166,700 *l.*, a debenture capital of 3,000,000 *l.*), and should create and issue debentures in respect of such further sum of 1,000,000 *l.*, and that the Secretary of State in Council should guarantee the payment of the principal moneys secured by the debentures so issued, and of the interest thereof, in manner hereinafter mentioned, and that it had been also agreed that the said railway company should raise a further sum of 2,000,000 *l.*, by the issue of shares or capital stock for the purposes of the said indenture of the 15th day of November 1854, and that 1,037,392 *l.*, part of the last-mentioned sum of 2,000,000 *l.*, had accordingly been raised by the issue of new shares or capital stock, and had been paid into the Bank of England to the credit of the account of the Secretary of State in Council, it was, amongst other things, agreed that when and so soon as the whole of the said sum of 1,166,700 *l.*, in addition to the said sums of 333,300 *l.* and 500,000 *l.*, should have been received on loan by the said railway company, in accordance with the provisions of the said indenture of the 19th day of September 1862, the said railway company should from time to time, until the further sum of 1,000,000 *l.* should have been advanced, receive sums of money on loan, at interest at the rate of 4 *l.* 10 *s.* per cent. per annum, and issue debentures for securing the principal sums advanced and interest thereon, in manner and subject as therein mentioned, and that the Secretary of State in Council should in manner therein mentioned provide for the payment of the interest payable in respect of the debentures representing the said further sum of 1,000,000 *l.*, or any portion thereof, and should provide for the payment of the principal sums secured by any such debentures on the days therein respectively named for such payment. And it was also agreed that in addition to the interest payable on the said sums of 500,000 *l.*, 500,000 *l.*, 500,000 *l.*, 1,500,000 *l.*, 1,000,000 *l.*, and 2,000,000 *l.*, under the said indenture of the 7th day of August 1857, and the interest payable on the said several sums of 2,000,000 *l.* and 1,000,000 *l.* under the said indentures of the 10th day of February 1859, and the 19th day of September 1862 respectively, and in addition to the interest payable under the said indenture of the 27th day of July 1860, the said indenture of the 19th day of September 1862, and the covenant in that behalf thereinbefore contained, upon the said several sums of 333,300 *l.*, 500,000 *l.*, 1,166,700 *l.*, and 1,000,000 *l.* (making together the debenture capital of 3,000,000 *l.*), and in lieu of the interest at the rate of 4 *l.* 10 *s.* per cent. per annum, payable under the said indenture of the 15th day of November 1854, there should, during the residue for the time being of the said determinable term of 99 years, be paid out of the revenues of India, or moneys applicable in aid thereof, to the said railway company interest at the rate of 5 *l.* per cent. per annum on the said further sum of 2,000,000 *l.*, or on such part thereof as should for the time being have been paid as hereinafter mentioned, and that the said railway company should raise and pay such further sum of 2,000,000 *l.* into the Bank of England to the account of the Secretary of State in Council, at such times and in such instalments as the Secretary of State in Council should from time to time determine, subject as therein mentioned.

And whereas by an indenture bearing date the 25th day of May 1866, and made between the Secretary of State in Council of the one part, and the said Railway Company of the other part; after reciting that it had been agreed that the said railway company should raise a further sum of 2,000,000 *l.* by the issue of shares or capital stock for the purposes of the said indenture of the 15th day of November 1854 (such further sum of 2,000,000 *l.*, together with the several sums in respect of which shares had been issued, making up the share capital of 13,000,000 *l.* sterling), and that the sum of 950,000 *l.*, part of the same sum of 2,000,000 *l.*, had accordingly been raised, and had been paid into the Bank of England to the credit of the account of the Secretary of State

in Council, it was, amongst other things, agreed that in addition to the interest payable on the said sums of 500,000 *l.*, 500,000 *l.*, 500,000 *l.*, 1,500,000 *l.*, 1,000,000 *l.*, and 2,000,000 *l.*, under the said indenture of the 7th day of August 1857, and the interest payable on the said several sums of 2,000,000 *l.*, 1,000,000 *l.*, and 2,000,000 *l.*, under the said indentures of the 10th day of February 1859, the 19th day of September 1862, and the 17th day of June 1864, respectively, and in addition also to the interest payable under the said indenture of the 27th day of July 1860, the said indenture of the 19th day of September 1862, and the said indenture of the 17th day of June 1864, upon the said several sums of 333,300 *l.*, 500,000 *l.*, 1,166,700 *l.*, and 1,000,000 *l.* (making together the debenture capital of 3,000,000 *l.*), and in lieu of the interest at the rate of 4 *l.* 10 *s.* per cent. per annum, payable under the said indenture of the 15th day of November 1854, there should, during the residue for the time being of the said determinable term of 99 years, be paid out of the revenues of India, or moneys applicable in aid thereof to the said railway company interest at the rate of 5 *l.* per cent. per annum on the said further sum of 2,000,000 *l.*, or on such part thereof as should for the time being have been paid as thereinafter mentioned, and that the said railway company should raise and pay such further sum of 2,000,000 *l.*, or so much thereof as had not been already raised and paid into the Bank of England to the account of the Secretary of State in Council, at such times and in such instalments as the Secretary of State in Council should from time to time determine, subject as therein mentioned:

And whereas the whole of the said sums of 1,166,700 *l.*, and 1,000,000 *l.*, so as aforesaid respectively authorised to be raised on loan and secured by debentures have respectively been raised and so secured:

And whereas it was lately agreed between the Secretary of State in Council and the said Railway Company that the said Railway Company should raise the further sum of 1,000,000 *l.* on loan at interest at a rate not exceeding 5 *l.* per cent. per annum (such further sum, together with the said sums of 333,300 *l.*, 500,000 *l.*, 1,166,700 *l.*, and 1,000,000 *l.*, raised on loan as aforesaid, making a debenture capital of 4,000,000 *l.*), and should create and issue debentures in respect of such further sum of 1,000,000 *l.*, and that the Secretary of State in Council should guarantee the payment of the principal money secured by the debentures so to be issued, and of the interest thereof in manner hereinafter mentioned:

And whereas accordingly the said railway company have created and issued debentures in respect of the said further sum of 1,000,000 *l.*, and have paid the sum of 1,000,000 *l.* received on loan thereon into the Bank of England, to the credit of the account of the Secretary of State in Council:

And whereas, the debentures created and issued in respect of the said further sum of 1,000,000 *l.*, are in accordance with a form which has been approved by the Secretary of State in Council, containing an obligation on the part of the said railway company for payment of principal and interest at the bank of the London and County Banking Company, on the day named for that purpose in the said debentures respectively:

And whereas the covenants herein on the part of the Secretary of State in Council, are hereby declared by the Secretary of State in Council, to be entered into with the concurrence of a majority of votes at a meeting of the council:

Now this indenture witnesseth that in pursuance of the said agreement and in consideration of the premises, the said Great Indian Peninsula Railway Company, do hereby for themselves and their successors (so far as the covenants and agreements hereinafter contained are to be observed and performed by them), covenant with the Secretary of State in Council. And the Secretary of State in Council doth hereby (so far as the covenants and agreements hereinafter contained, are to be observed and performed on the part of the Secretary of State in Council for the time being) covenant with the Great Indian Peninsula Railway Company and their successors in manner following (that is to say):—

1. That in respect of the said further sum of 1,000,000 *l.* so received by the said railway company on loan, and paid into the bank to the credit of the said account, money may be drawn and applied by the said railway company in like

like manner as under or by virtue of the provisions in that behalf contained in the several indentures of contract hereinbefore mentioned, it could be drawn and applied if such sum or sums had been capital paid by the said railway company into the Bank of England, to the credit of the said account under the same several indentures.

2. That the Secretary of State in Council, shall and will from time to time, as often as and when the half-yearly interest payable in respect of the said debentures, representing the said further sum of 1,000,000*l.*, or any portion thereof shall become due, and so as duly to provide for the payment of such interest, pay out of the revenues of India the amount of such interest into the bank of the London and County Banking Company, Lombard-street, or other, the bankers, for the time being of the said railway company, to the account called "The Great Indian Peninsula Railway Debenture Account," and shall and will on the day for that purpose, mentioned in the said debentures, respectively representing the said further sum of 1,000,000*l.*, or any portion thereof, and so as to make due provision in this behalf, pay out of the revenues of India into the same bank, to the same account, the amount of the principal sums payable on such day, or in respect of such debenture, and that notwithstanding anything contained in the said debentures respectively created and issued as aforesaid, under the provisions of this contract, the said railway company shall not be subject or liable to any action or suit at law or in equity, upon or by virtue of such debentures, but that the Secretary of State in Council shall and will at all times hereafter (the costs and charges being defrayed out of the revenues of India), well and sufficiently protect and save harmless, and keep indemnified the said railway company, and their lands, tenements, goods, chattels, and effects whatsoever, of, from, and against all actions, suits, losses, costs, charges, damages, and expenses whatsoever, which they shall or may suffer, sustain, expend or be put unto or which shall or may be commenced, instituted, sued, or prosecuted against them, by reason, or in consequence of the said debentures or any of them.

3. That the payment of the sums hereinbefore agreed to be paid by the Secretary of State in Council for interest as aforesaid shall be in full satisfaction of all interest, which under the several indentures of contract heretofore entered into between the East India Company and the said Railway Company, bearing date respectively the 17th day of August 1849, the 2nd day of August 1853, and the 15th day of November 1854, would or might become payable in respect of the said further sum of 1,000,000*l.* raised by the said debentures to which this contract refers, and paid into the Bank of England to the credit of the account of the Secretary of State in Council of India.

4. That the provisions of the said several indentures with respect to the application of the half-yearly net receipts of the said railway company's railway, in or towards payment of the interest therein respectively mentioned, so as to exonerate the East India Company (now represented by the Secretary of State in Council) from the same, and with respect to the application of half the surplus of such net receipts in or towards the repayment of any sums previously paid for interest, with simple interest on such sums shall apply to the interest hereinbefore agreed to be paid as aforesaid, and that in applying the same provisions, the simple interest on sums previously paid for interest, shall in all cases be reckoned at the same rate as the interest in respect of which such sums were so paid.

5. That the Secretary of State in Council, shall from time to time, whenever he shall think fit, give to the said railway company six calendar months' notice in writing to raise as capital by the issue of shares or stock such sum or sums as may be required to pay off the principal moneys secured by the debentures representing the said further sum of 1,000,000*l.* or any portion thereof, as and when the same shall fall due, and in case the said railway company shall fail to pay such capital into the Bank of England to the credit of the account of the Secretary of State in Council, in accordance with such notice, then to the extent of every such default or failure, all moneys which under the covenant hereinbefore in that behalf contained, shall be paid by the Secretary of State in Council in payment of the principal moneys secured by the said debentures representing the said further sum of 1,000,000*l.* or any portion thereof, shall be treated and considered as capital contributed by the Secretary of State in Council out of the revenues of India, to the joint stock of the said railway company; and in order to give full effect to the rights of the Secretary of State in Council in respect of

the capital so contributed, the Secretary of State in Council shall be at liberty at any time to name a person or persons into whose name or names, as trustee or trustees for Her Majesty on account of the Government of India, an equivalent number for shares or amount of stock may be placed and registered, and thereupon such shares or stock shall be entered and registered accordingly.

6. That subject to the provisions herein contained, the covenants and provisions of the said several indentures of the 17th day of August 1849, the 2nd day of August 1853, and the 15th day of November 1854, so far as the same are now subsisting and capable of taking effect, shall be and remain in full force and effect :

In witness whereof Sir James Weir Hogg, Bart., and William Urquhart Arbuthnot, Esq., being two members of the Council of India, have hereunto set their hands and seals, and the said railway company have caused their common seal to be affixed the day and year first above written.

CONTRACT between the SECRETARY of STATE for INDIA in Council and the GREAT INDIAN PENINSULA RAILWAY COMPANY, with respect to further Share Capital to the extent of 2,000,000*l.*; dated 29th November 1867.

THIS INDENTURE, made the 29th day of November 1867, between the SECRETARY of STATE in Council of the one part, and the GREAT INDIAN PENINSULA RAILWAY COMPANY, incorporated by an Act of Parliament of the 12th and 13th years of the reign of Her present Majesty, intituled "An Act for incorporating the Great Indian Peninsula Railway Company, and for other purposes connected therewith" (which Act was amended by an Act of the 17th and 18th years of Her present Majesty), of the other part.

Act of Incorporation, 12 & 13 Vict. c. 83, 1 August 1849.

WHEREAS the said Great Indian Peninsula Railway Company were incorporated by the said first-mentioned Act of Parliament, for the purpose of making and constructing, working, and maintaining such railway or railways in the East Indies, as might be agreed upon by the said Railway Company and the East India Company, and by the same Act the said railway company were made subject to the clauses of the "Companies Clauses Consolidation Act," 1845, with respect (among other things) to the conversion of the borrowed money into capital; and by the same Act the said railway company were empowered from time to time to enter into and conclude with the East India Company, on account of the Government of India, such contracts, agreements, and arrangements, as the respective parties might think fit and agree upon for making any railway or railways in India, and any telegraphs connected therewith, and for maintaining and working the same, including (among other provisions) any provision as to the tolls, receipts, and profits thereof, and the application of such tolls, receipts, and profits, and any provisions for depositing with or paying to the East India Company all or any part of the subscribed capital of the said railway company, upon any terms (as to interest or otherwise) to be agreed upon, and any provisions intended to enforce or secure the due performance of any contract or engagement to be made by the said railway company; and by the same Act it was provided, that when and so soon as from time to time the whole of the capital for the time being of the said railway company should have been subscribed for, and one-half of such capital should have been paid up, it should be lawful for the said railway company from time to time to borrow money to an amount in the whole equal to one-third part of such capital for the time being, in manner therein mentioned; and it was also provided, that in case the said railway company should, under any agreement or agreements with the East India Company, be empowered to make or carry on any railway or railways or works in India, whatever might be the extent of such railway or railways and works, it should be lawful for the said railway company, as therein mentioned, to increase the capital of the said railway company to any amount which should be certified

Borrowing powers.

certified by the East India Company to be proper and desirable, having regard to the extent of the undertakings in which the said railway company should for the time being be engaged, and every such increase of capital, as aforesaid, should be raised by shares or capital stock, in manner therein mentioned :

And whereas, by an indenture bearing date the 17th day of August 1849, and made between the East India Company of the one part, and the said Railway Company of the other part, it was (amongst other things) agreed that the said railway company should construct and open an experimental line of railway, to commence at or near Bombay, and, to take a direction to or near Callian, at an estimated cost of 500,000*l.*, or thereabouts, and that the East India Company should pay to the said railway company, during the term of 99 years from the date of the said indenture, determinable by surrender or purchase of the said railway and works, as in the said indenture mentioned, interest at the rate of 5*l.* per cent. per annum on the said sum of 500,000*l.*, or on such part thereof as should for the time being have been paid into the treasury of the East India Company :

Indenture,
17 August 1849.

And whereas, by an indenture bearing date the 2nd day of August 1853, and made between the East India Company of the one part, and the said Railway Company of the other part, it was amongst other things agreed that the said railway company should construct and open a line of railway, being an extension to Shawpoor of the said experimental line, and that the said railway company should pay into the treasury of the East India Company such moneys in excess of the said sum of 500,000*l.*, as should be required for the purposes of the said extension line, and that the East India Company should pay to the said railway company, during the residue of the said determinable term of 99 years, interest at the rate of 5*l.* per cent. per annum on the said moneys, when paid into the treasury of the East India Company, in addition to the interest on the said sum of 500,000*l.* :

Indenture,
2 August 1853.

And whereas the East India Company afterwards sanctioned the raising of the sum of 500,000*l.* for the purposes of the said indenture of the 2nd day of August 1853 :

And whereas, by an indenture bearing date the 15th day of November 1854, and made between the said East India Company of the one part, and the said Railway Company of the other part, it was, amongst other things, agreed that the said railway company should construct an extension line of railway on the north-east from Shawpoor, called the North-Eastern Extension line, and an extension line of railway, on the south-east from Callian, called the South Eastern Extension line, in such direction and to such points respectively as might be determined by the East India Company ; and that the said railway company should raise and pay into the treasury of the East India Company the amount, according to the cost to be certified by the East India Company, required for the making of such extension lines, at such times and in such instalments as the East India Company should from time to time determine, so as the sums to be paid in any one year should not exceed 300,000*l.*, unless the said railway company should consent to pay in a larger sum ; and that in particular for providing for the expenses of the surveys to be made as therein mentioned, and of making the said South-Eastern Extension line, the said railway company should raise and pay into the treasury of the East India Company in the first instance 1,000,000 *l.* as the East India Company might from time to time require, and that the East India Company should during the residue of the said determinable term of 99 years, in addition to the interest payable under the hereinbefore recited indentures, pay to the said railway company interest at the rate of 4*l.* 10*s.* per cent. per annum on such part of the said sum of 1,000,000 *l.* as should for the time being have been paid into the treasury of the East India Company, and at the like rate on such further sums as might for the purposes of the contract now in recital or of the said extension lines or either of them, be paid into the treasury of the East India Company :

Indenture,
15 Nov. 1854.

And whereas by an indenture bearing date the 10th day of October 1855, and made between the East India Company of the one part, and the said Railway Company of the other part, after recitals whereby it appeared that under the power in that behalf given by the first-mentioned Act, the said railway company with the consent of the East India Company had raised the sum of 333,300 *l.*

Indenture,
10 October 1855.

by bonds or debentures bearing interest at the rate of 4*l.* 10*s.* per centum per annum, and had paid the same into the treasury of the East India Company; it was amongst other things agreed that the East India Company should provide for the payment of such interest payable in respect of the said debentures, and should pay the principal sums secured thereby on the 1st day of January 1860:

Rate of interest.

And whereas in lieu of the said sum of 1,000,000*l.* mentioned in the said indenture of the 15th day of November 1854, the East India Company in the month of December 1854, sanctioned the raising of the sum of 500,000*l.* for the purposes of the same indenture, and agreed to pay interest thereon at the rate of 5*l.* per cent. per annum instead of 4*l.* 10*s.* per cent. per annum as provided by the same indenture; and in the month of August 1855, the East India Company agreed that the several sums of 500,000*l.* and 500,000*l.* previously authorised to be raised for the purposes of the said indentures of the 17th day of August 1843, and the 2nd day of August 1853, and bearing interest at the rate of 5*l.* per cent. per annum, or any part of the same sums, might be made available for the purposes of the said indenture of the 15th day of November 1854; and in the months of January, May, and November 1856, respectively, the East India Company sanctioned the raising of the respective additional sums of 1,500,000*l.*, 1,000,000*l.*, and 2,000,000*l.* for the purposes of the said indenture of the 15th day of November 1854:

Indenture,
7 August 1857.

And whereas by an indenture bearing date the 7th day of August 1857, and made between the East India Company of the one part and the said Railway Company of the other part, it was provided and agreed that the East India Company should, in addition to the interest payable under the said indenture of the 10th day of October 1855, and in lieu of the interest at the rate of 4*l.* 10*s.* per cent. per annum payable under the said indenture of the 15th day of November 1854, during the residue for the time being of the said determinable term of 99 years, pay to the said railway company interest at the rate of 5*l.* per cent. per annum on the said sums of 500,000*l.*, 500,000*l.*, 500,000*l.*, 1,500,000*l.*, 1,000,000*l.*, and 2,000,000*l.*, or on such parts thereof respectively as had been or for the time being should have been paid into the treasury of the East India Company, and also interest on any further capital to be raised for the purposes of the said indenture of the 15th day of November 1854, at such higher rate, if agreed on, than 4*l.* 10*s.* per cent. per annum, as by any indorsements to be from time to time made on the indenture now in recital, or by any separate instruments to be respectively sealed with the corporate seals of the said companies respectively should be specified in that behalf; and by the indenture now in recital it was further provided (such provision being in lieu of the provisions of the said indenture of the 15th day of November 1854, concerning the times and instalments at and by which the capital to be thereunder provided should be paid) that the said railway company should raise and pay into the treasury of the East India Company the capital to be raised and paid under the said indenture of the 15th day of November 1854, at such times and in such instalments as the East India Company should from time to time determine, so as that the said railway company should not at any time be required to make upon the shares by which such capital should be raised a call exceeding 2*l.* on each share, or at a less interval than three calendar months from the last preceding call:

And whereas under the Act passed in the 21st and 22nd years of the reign of Her Majesty, intituled "An Act for the better Government of India," the benefit of the hereinbefore recited indentures of contract became vested in Her Majesty for the purposes of the Government of India, and, save as otherwise provided by the same Act, one of Her Majesty's principal Secretaries of State was to have and might perform all such and the like powers and duties relating to the government or revenues of India as might or should have been exercised or performed by the East India Company; and the Secretary of State in Council, with the concurrence of a majority of votes at a meeting of the Council of India, was empowered to enter into any contracts whatsoever which might be thought fit for the purposes of that Act, and all moneys payable to the said railway company in respect of the said indentures of contract and all liabilities to be contracted on account of the government of India were charged and made chargeable on the revenues of India:

And

And whereas by an indenture bearing date the 10th day of February 1859, and made between the Right Honourable Edward Henry Stanley (commonly called Lord Stanley), one of Her Majesty's principal Secretaries of State, Sir Frederick Currie, Bart., Vice President of the Council of India, and divers other persons therein named, members of the Council of India (being the Secretary of State in Council of India) of the one part, and the said railway company of the other part, it was agreed that in addition to the interest payable under the hereinbefore recited indenture of the 10th day of October 1855, and in addition to the interest payable on the said sums of 500,000 *l.*, 500,000 *l.*, 500,000 *l.*, 1,500,000 *l.*, 1,000,000 *l.*, and 2,000,000 *l.*; under the same indenture of the 7th day of August 1857, and in lieu of the interest at the rate of 4 *l.* 10 *s.* per cent. per annum, payable under the said indenture of the 15th day of November 1854, there should during the residue of the said determinable term of 99 years be paid out of the revenues of India interest at the rate of 5 *l.* per cent. per annum on the further sum of 2,000,000 *l.*, or on such part thereof as should for the time being have been paid by the said railway company as thereafter mentioned, and that the said railway company should raise and pay such further sum of 2,000,000 *l.* into the Bank of England to the account of the Secretary of State in Council of India at such times and in such instalments as the Secretary of State in Council should determine, subject as therein mentioned :

Indenture,
10 February 1859.

And whereas by an indenture bearing date the 27th day of July 1860, and made between the Secretary of State in Council of the one part, and the said Railway Company of the other part, after recitals, whereby it appeared that the said sum of 333,300 *l.* which was raised in the year 1855, and was payable on the 1st day of January 1860, had been continued on loan, and was secured by bonds or debentures bearing interest at the rate of 5 *l.* per cent. per annum, and that it had been agreed between the Secretary of State in Council and the said railway company that the said railway company should raise money on loan until the sum of 500,000 *l.*, in addition to the said sum of 333,300 *l.*, should have been so raised, and should create and issue debentures in respect thereof. It was, amongst other things, agreed that the Secretary of State in Council should provide for the payment of the interest payable in respect of the debentures representing the said sums of 333,300 *l.* and 500,000 *l.* respectively, and should pay the principal sums secured thereby respectively on the days therein respectively mentioned for payment of the same :

Indenture,
27 July 1860.

And whereas the said railway company, with the sanction of the Secretary of State in Council, raised the said further sum of 500,000 *l.* by bonds or debentures bearing interest at the rate of 5 *l.* per cent. per annum, and paid such further sum into the Bank of England to the account of the Secretary of State in Council :

And whereas by an indenture bearing date the 19th day of September 1862, and made between the Secretary of State in Council of the one part, and the said Railway Company of the other part, after recitals, whereby it appeared that it had been agreed that the said railway company should raise money on loan until the sum of 1,166,700 *l.* (making, together with the said sums of 333,300 *l.* and 500,000 *l.* the sum of 2,000,000 *l.*) should have been so raised and should create and issue debentures in respect thereof, and that the said railway company had already issued debentures in respect of 666,700 *l.*, part of the said sum of 1,166,700 *l.*, and had paid the said sum of 666,700 *l.* into the Bank of England to the account of the Secretary of State in Council, and that it had been also agreed that the said railway company should raise a further sum of 1,000,000 *l.* by the issue of shares or capital stock, for the purposes of the said indenture of the 15th day of November 1854, it was, amongst other things, agreed that the said railway company should from time to time, until the whole of the said sum of 1,166,700 *l.* (inclusive of the said sum of 666,700 *l.*, part thereof) in addition to the said sums of 333,300 *l.* and 500,000 *l.* should have been advanced, receive sums of money on loan from any persons respectively willing to advance the same, at a rate of interest not exceeding 5 *l.* per cent. per annum, and issue debentures for securing the principal sums advanced, and interest thereon, in manner and subject as therein mentioned, and that the Secretary of State in Council should provide for the payment of the interest payable in respect of the debentures representing the said sum of 1,166,700 *l.*,

Indenture,
19 Sept. 1862.

or any portion thereof, and should provide for the payment of the principal sum secured by any such debenture on the day therein named for such payment. And it was also agreed that in addition to the interest payable on the said sums of 500,000 *l.*, 500,000 *l.*, 500,000 *l.*, 1,500,000 *l.*, 1,000,000 *l.*, and 2,000,000 *l.*, under the hereinbefore recited indenture of the 7th day of August 1857, and in addition to the interest payable on the said sum of 2,000,000 *l.* under the hereinbefore recited indenture of the 10th day of February 1859, and in addition also to the interest payable under the said indenture of the 27th day of July 1860, and under the covenant thereinbefore contained upon the said several sums of 333,300 *l.*, 500,000 *l.* and 1,166,700 *l.* (making together the debenture capital of 2,000,000 *l.*), and in lieu of the interest at the rate of 4 *l.* 10 *s.* per cent. per annum payable under the said indenture of the 15th day of November 1854, there should, during the residue of the said determinable term of 99 years, be paid out of the revenues of India, or moneys applicable in aid thereof, interest at the rate of 5 *l.* per cent. per annum on the further sum of 1,000,000 *l.*, or on such part thereof as should for the time being have been paid as thereinafter mentioned, and that the said railway company should raise and pay such further sum of 1,000,000 *l.* into the Bank of England to the account of the Secretary of State in Council, at such times and in such instalments as the Secretary of State in Council should determine, subject as therein mentioned :

Indenture,
17 June 1864

And whereas by an indenture, bearing date the 17th day of June 1864, and made between the Secretary of State in Council of the one part, and the said Railway Company of the other part, after recitals, whereby it appeared that since the date of the last hereinbefore recited indenture it had been agreed that the rate of interest at which the said railway company should receive moneys on loan in respect of such part of the said sum of 1,166,700 *l.* as had not been advanced at the date of the same indenture should be 4 *l.* 10 *s.* per cent. per annum, and the said railway company had received and were in course of receiving such moneys, secured or to be secured by debentures bearing interest at the last-mentioned rate, and that it had been lately agreed that the said railway company should raise the further sum of 1,000,000 *l.* on loan, at interest at the rate of 4 *l.* 10 *s.* per cent. per annum (making, together with the said sums of 333,300 *l.*, 500,000 *l.*, and 1,166,700 *l.*, a debenture capital of 3,000,000 *l.*), and should create and issue debentures in respect of such further sum of 1,000,000 *l.*, and that the Secretary of State in Council should guarantee the payment of the principal moneys secured by the debentures so issued and of the interest thereof in manner thereinafter mentioned ; and that it had been also agreed that the said railway company should raise a further sum of 2,000,000 *l.* by the issue of shares or capital stock, for the purposes of the said indenture of the 15th day of November 1854, and that 1,037,392 *l.*, part of the last-mentioned sum of 2,000,000 *l.*, had accordingly been raised by the issue of new shares or capital stock, and had been paid into the Bank of England to the credit of the account of the Secretary of State in Council, it was, amongst other things, agreed that when and so soon as the whole of the said sum of 1,166,700 *l.*, in addition to the said sums of 333,300 *l.* and 500,000 *l.*, should have been received on loan by the said railway company, in accordance with the provisions of the said indenture of the 19th day of September 1862, the said railway company should, from time to time, until the further sum of 1,000,000 *l.* should have been advanced, receive sums of money on loan, at interest at the rate of 4 *l.* 10 *s.* per cent. per annum, and issue debentures for securing the principal sums advanced and interest thereon in manner and subject as therein mentioned, and that the Secretary of State in Council should in manner therein mentioned provide for the payment of the interest payable in respect of the debentures representing the said further sum of 1,000,000 *l.*, or any portion thereof, and should provide for the payment of the principal sums secured by any such debentures on the days therein respectively named for such payment. And it was also agreed, that in addition to the interest payable on the said sums of 500,000 *l.*, 500,000 *l.*, 500,000 *l.*, 1,500,000 *l.*, 1,000,000 *l.*, and 2,000,000 *l.*, under the said indenture of the 7th day of August 1857, and the interest payable on the said several sums of 2,000,000 *l.* and 1,000,000 *l.*, under the said indentures of the 10th day of February 1859, and the 19th day of September 1862, respectively, and in addition to the interest payable under the said indenture of the 27th day of July 1860, the said indenture of the 19th day of September 1862, and the covenant

in

in that behalf thereinbefore contained upon the said several sums of 333,300 *l.*, 500,000 *l.*, 1,166,700 *l.*, and 1,000,000 *l.* (making together the debenture capital of 3,000,000 *l.*), and in lieu of the interest at the rate of 4 *l.* 10 *s.* per cent. per annum payable under the said indenture of the 15th day of November 1854, there should, during the residue for the time being of the said determinable term of 99 years, be paid out of the revenues of India, or moneys applicable in aid thereof, to the said railway company, interest at the rate of 5 *l.* per cent. per annum on the said further sum of 2,000,000 *l.*, or on such part thereof as should for the time being have been paid as thereafter mentioned, and that the said railway company should raise and pay such further sum of 2,000,000 *l.* into the Bank of England, to the account of the Secretary of State in Council at such times and in such instalments as the Secretary of State in Council should from time to time determine, subject as therein mentioned :

And whereas by an indenture bearing date the 25th day of May 1866, and made between the Secretary of State in Council of the one part, and the said Railway Company of the other part, after reciting that it had been agreed that the said railway company should raise a further sum of 2,000,000 *l.* by the issue of shares or capital stock for the purposes of the said indenture of the 15th day of November 1854 (such further sum of 2,000,000 *l.*, together with the several sums in respect of which shares had been issued, making up the share capital of 13,000,000 *l.*), and that the sum of 950,000 *l.*, part of the same sum of 2,000,000 *l.*, had accordingly been raised, and had been paid into the Bank of England to the credit of the account of the Secretary of State in Council, it was, amongst other things, agreed that in addition to the interest payable on the said sums of 500,000 *l.*, 500,000 *l.*, 500,000 *l.*, 1,500,000 *l.*, 1,000,000 *l.*, and 2,000,000 *l.*, under the said indenture of the 7th day of August 1857, and to the interest payable on the said several sums of 2,000,000 *l.*, 1,000,000 *l.*, and 2,000,000 *l.* under the said indentures of the 10th day of February 1859, the 19th day of September 1862, and the 17th day of June 1864, respectively, and in addition also to the interest payable under the said indenture of the 27th day of July 1860, the said indenture of the 19th day of September 1862, and the said indenture of the 17th day of June 1864, upon the said several sums of 333,300 *l.*, 500,000 *l.*, 1,166,700 *l.*, and 1,000,000 *l.* (making together the debenture capital of 3,000,000 *l.*), and in lieu of the interest at the rate of 4 *l.* 10 *s.* per cent. per annum, payable under the said indenture of the 15th day of November 1854, there should, during the residue for the time being of the said determinable term of 99 years, be paid out of the revenues of India, or moneys applicable in aid thereof, to the said railway company interest at the rate of 5 *l.* per cent. per annum on the said further sum of 2,000,000 *l.*, or on such part thereof as should for the time being have been paid as thereafter mentioned, and that the said railway company should raise and pay such further sum of 2,000,000 *l.*, or so much thereof as had not been already raised and paid into the Bank of England, to the account of the Secretary of State in Council at such times and in such instalments as the Secretary of State in Council should from time to time determine, subject as therein mentioned :

And whereas by an indenture bearing date the 12th day of April 1867, and made between the Secretary of State in Council of the one part, and the said Railway Company of the other part, after recitals whereby it appeared that the whole of the said sums of 1,166,700 *l.*, and 1,000,000 *l.*, so as aforesaid respectively authorised to be raised on loan and secured by debentures, had respectively been raised and so secured, and that it had been lately agreed between the Secretary of State in Council and the said railway company, that the said railway company should raise the further sum of 1,000,000 *l.*, on loan, at interest at a rate not exceeding 5 *l.* per cent. per annum, such further sum, together with the said sums of 333,300 *l.*, 500,000 *l.*, 1,166,700 *l.*, and 1,000,000 *l.* raised on loan as aforesaid (making a debenture capital of 4,000,000 *l.*), and should create and issue debentures in respect of such further sum of 1,000,000 *l.*, and that the Secretary of State in Council should guarantee the payment of the principal moneys secured by the debentures so issued, and of the interest thereof in manner thereafter mentioned, and that accordingly the said railway company had created and issued debentures in respect of the said further sum of

1,000,000 *l.*, and had paid the sum of 1,000,000 *l.* received on loan into the Bank of England to the credit of the account of the Secretary of State in Council; it was among other things agreed that the Secretary of State in Council should, in manner therein mentioned, provide for the payment of the interest payable in respect of the debentures representing the said further sum of 1,000,000 *l.*, or any portion thereof, and should provide for the payment of the principal sums secured by any such debentures on the days therein respectively named for such payment:

And whereas it has been agreed between the Secretary of State in Council and the said Railway Company, that the said railway company shall raise a further sum of 2,000,000 *l.* by the issue of shares or capital stock for the purposes of the said indenture of the 15th day of November 1854, such further sum of 2,000,000 *l.*, together with the several sums in respect of which shares have been issued, making up the share capital of 15,000,000 *l.*; and that the Secretary of State in Council shall pay interest at the rate of 5 *l.* per cent. per annum on such further sum of 2,000,000 *l.*, as the same shall be paid by the said railway company as hereinafter mentioned:

And whereas the sum of 1,372,020 *l.*, part of the last mentioned sum of 2,000,000 *l.* has accordingly been raised by the issue of new shares or capital stock, and has been paid into the Bank of England to the credit of the account of the Secretary of State in Council of India:

And whereas the covenants hereinafter contained on the part of the Secretary of State in Council, are hereby declared by the Secretary of State in Council to be entered into with the concurrence of a majority of votes at a meeting of the Council:

NOW THIS INDENTURE WITNESSETH, that in pursuance of the said agreements and in consideration of the premises, the said Great Indian Peninsula Railway Company do hereby for themselves and their successors (so far as the covenants and agreements hereinafter contained, are to be observed and performed by them) covenant with the Secretary of State in Council: And the Secretary of State in Council doth hereby (so far as the covenants and agreements hereinafter contained are to be observed and performed on the part of the Secretary of State in Council) covenant with the Great Indian Peninsula Railway Company and their successors in manner following (that is to say):—

1. That in addition to the interest payable on the said sums of 500,000 *l.*, 500,000 *l.*, 500,000 *l.*, 1,500,000 *l.*, 1,000,000 *l.*, and 2,000,000 *l.*, under the said indenture of the 7th day of August 1857, and to the interest payable on the said several sums of 2,000,000 *l.*, 1,000,000 *l.*, 2,000,000 *l.*, and 2,000,000 *l.*, under the said indentures of the 10th day of February 1859, the 19th day of September 1862, the 17th day of June 1864, and the 25th day of May 1866, respectively, and in addition also to the interest payable upon the said debenture capital of 4,000,000 *l.*, and in lieu of the interest at the rate of 4 *l.* 10 *s.* per cent. per annum, under the said indenture of the 15th day of November 1854, there shall from time to time, during the residue for the time being of the said determinable term of 99 years, be paid out of the revenues of India, or moneys applicable in aid thereof, to the said railway company, half-yearly, on the 30th day of June, and the 31st day of December in every year, interest at the rate of 5 *l.* per cent. per annum on the further sum of 2,000,000 *l.* raised or to be raised for the purposes of the said indenture of the 15th day of November 1854, or on such part thereof as now has or for the time being shall have been paid by the said railway company as hereinafter mentioned, such interest being considered in the first instance as running from the day on which the same sum or such part thereof has or shall have been so paid.

2. That the said railway company shall raise and pay into the Bank of England, to the account of the Secretary of State in Council of India, such further sum of 2,000,000 *l.*, or such part thereof as has not been already so raised and paid, at such times and in such instalments as the Secretary of State in Council shall from time to time determine, so as that the said railway company shall not at any time be required to make upon the shares by which such sum shall be represented, a call exceeding 2 *l.* on each such share, or at a less interval than
three

three calendar months from the last preceding call, and so as that no more than three-fourths of a share shall be called up in any one year. Provided always that if the said railway company shall raise and receive any portion of the said further sum of 2,000,000 £. in India, it shall be lawful for them to pay the amount so received in sums of not less than 50,000 rupees into the treasury of the Government at Bombay, in or towards satisfaction of the instalments aforesaid, and the acknowledgment of such respective payments there shall, when produced to the Secretary of State in Council in London, be considered and taken in part satisfaction of the said further sum of 2,000,000 £., so to be paid as aforesaid, or of such part thereof as aforesaid, at the exchange of 1 s. 10 d. for each Company's rupee. Provided also that such payments into the Treasury at Bombay shall never exceed the amounts which may from time to time be required for expenditure in India, such limit being determined by the Secretary of State in Council.

3. That the covenants and provisions contained in the said several indentures of the 17th day of August 1849, the 2nd day of August 1853, and the 15th day of November 1854, shall, so far as the same are subsisting and capable of taking effect, continue in full force, and shall, so far as the same are applicable and not inconsistent herewith, apply to the further capital of 2,000,000 £. in respect of which interest is hereby covenanted to be paid.

In witness whereof, Elliot Macnaghten, Esq., and William Urquhart Arbuthnot, Esq., being two members of the Council of India, have hereunto set their hands and seals, and the said Railway Company have caused their common Seal to be affixed the day and year first above written.

CONTRACT between the SECRETARY of STATE for INDIA in Council and the GREAT INDIAN PENINSULA RAILWAY COMPANY as to raising Money by the Issue of Debenture Stock, dated 26th June 1868.

THIS INDENTURE made the 26th day of June 1868, between the SECRETARY of STATE in COUNCIL of the one part, and the GREAT INDIAN PENINSULA RAILWAY COMPANY incorporated by an Act of Parliament of the 12th and 13th years of the reign of Her present Majesty, intituled "An Act to Incorporate the Great Indian Peninsula Railway Company and for other purposes connected therewith" (which Act was amended by an Act of the 17th and 18th years of Her present Majesty) of the other part:

WHEREAS the said Railway Company was incorporated by the said first-mentioned Act for the purpose of making and constructing working and maintaining such railway or railways in the East Indies as might be agreed upon by the said Railway Company and the East India Company, and by the same Act the said Railway Company were empowered from time to time to enter into and conclude with the East India Company on account of the Government of India, such contracts, agreements, and arrangements as the respective parties might think fit and agree upon, for making any railway or railways in India and any telegraphs connected therewith, and for maintaining and working the same: And by the same Act it was provided that when and so soon as from time to time the whole of the capital for the time being of the said Railway Company should have been subscribed for, and one-half of such capital should have been paid up, it should be lawful for the said Railway Company from time to time to borrow money to an amount, in the whole equal to one-third part of such capital for the time being, and that such money should be borrowed in the manner provided by "The Companies Clauses Consolidation Act, 1845," with respect to the conversion of the borrowed money into capital or should be borrowed in any such other manner, and subject in all respects to such provisions as the East India Company should from time to time approve, and that such of the clauses or provisions of the last-mentioned Act with respect to the borrowing of money by the Company on mortgage or bond as made provision for the powers of re-borrowing, should extend to the borrowing of money by the Act now in recital authorised (which manner of borrowing and re-borrowing by the said Railway Company

under the approval of the East India Company or the Secretary of State in Council has hitherto been by debenture bond). And it was by the Act now in recital also provided that in case the said Railway Company should under any agreement or agreements with the East India Company be empowered to make, or carry on any railway or railways, or works in India, whatever might be the extent of such railway or railways, it should be lawful for the said Railway Company to increase their capital to any amount which should be certified by the East India Company to be proper, having regard to the extent of the undertakings in which the said Railway Company should, for the time being, be engaged, and every such increase of capital should be raised in manner therein mentioned :

And whereas by an indenture bearing date the 17th day of August 1849, and made between the East India Company of the one part, and the said Railway Company of the other part, it was, amongst other things, agreed that the said Railway Company should construct and open an experimental line of railway, to commence at or near Bombay, and to take a direction to or near to Callian, at an estimated cost of 500,000 *l.*, or thereabouts, and should pay that sum into the treasury of the East India Company, and that no moneys should be raised by the said Railway Company by any other means than by calls upon shares without the sanction of the East India Company, and that all moneys received by or on account of the said Railway Company in India should be paid to the East India Company, and that the East India Company should pay to the said Railway Company during the term of 99 years from the date of the said indenture, determinable by surrender or purchase of the said railway and works as therein mentioned, interest at the rate of 5 *l.* per cent. per annum on the said sum of 500,000 *l.*, or on such part thereof as should, for the time being, have been paid into the treasury of the East India Company, and that the East India Company should provide the land required for the said railway, and that upon the completion of the said railway, the East India Company should grant to the said Railway Company a lease of the land so provided for a term of 99 years, commencing from the date of the said indenture, but determinable as thereafter mentioned : And it was further provided, that so soon as the said Railway Company should begin to work the said experimental railway, or any part thereof, the net receipts which should be realised during any half-year, after making such deduction therefrom as therein mentioned, should be applied, in the first place, in or towards discharge of the interest which should be payable by the East India Company under their covenants therein contained in respect of the said half-year, so as to exonerate the East India Company so far as the same net receipts would extend from the payment of such interest and that the residue of such net receipts should be applied in manner following :—One moiety thereof should be forthwith applied in the payment of such sums of money as should at any previous time or times have been paid by the East India Company to the said Railway Company under the covenants therein contained by way of interest, together with simple interest of such sums of money at the rate of 5 *l.* per cent. per annum from the times of payment respectively, and such moiety was to be applied in reduction of the whole of the interest payable to the East India Company on the said sums of money before the same should be applied in liquidation of any part of the principal thereof, and the other moiety of the said surplus net receipts should be paid to the said railway company ; and it was by the indenture now in recital further agreed that at the end of the said term of 99 years by effluxion of time, the land to be provided for the said railway, should together with the railway and the works belonging thereto, revert to and become the property of the East India Company, and that after the said railway should have been completed the said railway company might at any time give notice in writing as therein mentioned of their intention to surrender the said railway and works to the East India Company, and that upon the expiration of such notice the said railway company should surrender such railway and works accordingly, and the East India Company should be bound to accept the premises to be so surrendered, and immediately on such surrender being made the East India Company should be bound to pay to the said railway company the capital expended by the said railway company, to be ascertained as therein mentioned, and thereupon the covenants therein contained for payment of interest should cease, and all claims by the East India Company on account of interest or otherwise on the said railway company should also cease (except as therein mentioned) ; and it was by the indenture now in recital also provided, that at any
time

time within six calendar months after the expiration of the first 25 years of the said term of 99 years, or at any time within six calendar months after the expiration of the first 50 years of the same term, the East India Company might give notice to the said railway company of their intention to purchase the said railway and works (subject as therein mentioned), and thereupon at the half-yearly day next but one following such notice, the land to be provided as aforesaid with the railway and works thereon, should revert to the East India Company as the owners thereof by purchase on account of the Government of India, and that the East India Company should be bound to pay as purchase-money the full amount of the value of all the shares or capital stock in the said railway company calculated as therein mentioned; and it was by the Indenture now in recital further provided, that if default should be made by the said railway company as therein mentioned, the East India Company might, on giving such notice to the said railway company as therein mentioned terminate, the interest of the said railway company in the said land and railway, and assume possession thereof, and that in such case the East India Company should be liable to repay to the said railway company the capital expended by the said railway company to be ascertained as therein mentioned. And it was, by the indenture now in recital, further provided that in every case in which, under the provisions of the same indenture, the East India Company should become bound to repay the capital expended by the said railway company, the East India Company might, instead of paying a gross sum of money in respect of the premises, declare, by notice to the said railway company, their option to pay an annuity, to be reckoned as therein mentioned during the residue of the said term of 99 years :

And whereas by an Indenture bearing date the 2nd day of August 1853, and made between the East India Company of the one part and the said railway company of the other part, it was, amongst other things, agreed that the said railway company should construct and open a line of railway, being an extension to Shawpoor of the said experimental line :

And that the said railway company should pay into the treasury of the East India Company such moneys in excess of the said sum of 500,000 £. as should be required for the purposes of the said extension line :

And that the East India Company should pay to the said railway company during the residue of the said determinable term of 99 years, interest at the rate of 5 £. per cent. per annum on the said moneys when paid into the treasury of the East India Company, in addition to the interest on the said sum of 500,000 £. And it was further agreed that the provisions in the hereinbefore recited Indenture, with respect to the land being provided by the East India Company, should extend to the said extension line, and that the said extension railway matters and things and land to be made under and comprised in the Indenture now in recital, and the term or title to be granted or secured in such land accordingly, should (except as therein mentioned), be considered to form, together with the said railway matters and things to be made under and comprised in the hereinbefore recited Indenture, one railway, and land and term, and that the capital of the said railway should be one, and that such one railway and land, and term and capital, should be within the meaning of all and singular the provisions of the hereinbefore recited Indenture (except as therein mentioned) :

And whereas the East India Company afterwards sanctioned the raising of the sum of 500,000 £. for the purposes of the said Indenture of the 2nd day of August 1853 :

And whereas by an Indenture bearing date the 15th day of November 1854, and made between the East India Company of the one part and the said railway company of the other part, it was amongst other things agreed that the said railway company should construct an extension line of railway on the north-east from Shawpoor, to be called the North Eastern Extension Line, and an extension line of railway on the south-east from Callian, to be called the South Eastern Extension Line, in such direction and to such points respectively as might be determined by the East India Company, and that the said railway company should raise and pay into the treasury of the East India Company the amount according to the cost to be certified by the East India Company, required for the making of such extension lines, at such times and in such instalments as the East

India Company should from time to time determine, and that for providing for the expenses of the surveys to be made as therein mentioned, and of making the said South Eastern Extension Line, the said Railway Company should raise and pay into the Treasury of the East India Company, in the first instance the sum of 1,000,000 £., as the East India Company might from time to time require, and that the East India Company should during the residue of the said determinable term of 99 years, in addition to the interest payable under the hereinbefore recited indentures, pay to the said railway company interest at the rate of 4 £. 10 s. per cent. annum on such part of the said sum of 1,000,000 £. as should for the time being have been paid into the Treasury of the East India Company, and at the like rate on such further sums as might for the purposes of the Indenture now in recital or of the said North Eastern and South Eastern Extension Lines or either of them be paid into the Treasury of the East India Company. And it was by the Indenture now in recital further agreed that the provisions in the hereinbefore recited Indentures with respect to the land being provided by the East India Company should extend to the said North Eastern and South Eastern Extension Lines, and that the same Extension Lines, and the matters and things and land that should or might be done or provided under or by virtue of the Indenture now in recital, and the term or title that should or might be or was to be granted or secured in such land accordingly, should be considered to form, together with the railway matters and things and land made, done, or provided under the said Indenture of the 17th day of August 1849, and also with the said railway matters and things and land made, done, or provided, or to be made, done, or provided under the said indenture of the 2nd day of August 1853, one railway and land and term, and that the capital of the said railways should be one, and that such one railway, land term and capital should be within the meaning and intent of all and singular (except as therein mentioned) the covenants and provisions of the said Indenture of the 17th day of August 1849, as if the same were expressly and at length extended in that behalf, in lieu of which said sum of 1,000,000 £. payable in the first instance, and interest at the rate of 4 £. 10 s. per cent. per annum thereon, the East India Company subsequently sanctioned the raising of 500,000 £., and agreed to pay interest thereon at the rate of 5 £. per cent. per annum :

And whereas by an Indenture bearing date the 10th day of October 1855, and made between the East India Company of the one part, and the said railway company of the other part. After recitals whereby it appeared that under the power in that behalf given by the said first-mentioned Act, the said railway company, with the approval of the East India Company, had raised the sum of 333,300 £. by bonds or debentures bearing interest at the rate of 4 £. 10 s. per cent. per annum, and had paid the same into the Treasury of the East India Company. It was amongst other things agreed that the East India Company should provide for the payment of such interest payable in respect of the said debentures, and should pay the principal sums secured thereby on the 1st day of January 1860 :

And whereas under the provisions of the Act passed in the 21st and 22nd years of Her Majesty, intituled "An Act for the better Government of India," the benefit of the hereinbefore recited Indentures of contract became vested in Her Majesty for the purposes of the Government of India. And it was by the same Act enacted that, save as otherwise provided thereby, one of Her Majesty's principal Secretaries of State should have and might perform all such and the like powers and duties relating to the Government or revenues of India as might or should have been exercised or performed by the East India Company, and by the said Act full powers were given to the Secretary of State in Council, with the concurrence of a majority of votes at a meeting of the Council of India, to enter into any contracts whatsoever as might be thought fit for the purposes of the same Act, and all moneys payable in respect of the said Indentures of contract, and all liabilities to be contracted on account of the Government of India were charged and made chargeable on the revenues of India.)

And whereas divers other sums have at different times been authorised by the Secretary of State in Council to be raised by the said railway company by the issue of shares in the same company, and the total capital which has been so authorised to be raised by the issue of shares and has been subscribed for amounts to the sum of 15,000,000 £., of which sum the sum of 13,973,230 £. has been actually

actually raised up to the 31st day of December 1867, and divers other sums have at different times been authorised by the Secretary of State in Council to be raised by the said railway company on debenture bonds, and all the sums so authorised to be raised on debenture bonds have been raised, and such sums have amounted in the whole to the sum of 4,000,000*l.*, of which there has been paid off the amount of 73,050*l.*, and there remains owing 3,926,950*l.* payable at different times with different rates of interest, and the interest on all the sums so as aforesaid authorised to be raised and raised by shares, and the interest remaining payable on debenture bonds respectively, the interest as to the said sums raised by shares being at the rate of 5*l.* per cent. per annum, and the principal sums remaining owing on debenture bonds have been guaranteed to be paid by the Secretary of State in Council out of the revenues of India, under several contracts for that purpose at different times entered into :

And whereas a summary of the now existing debentures of the said railway company, with the times when the same are repayable, and the rates of interest payable thereon respectively, is contained in the first schedule to these presents :

And whereas under the hereinbefore recited powers in this behalf of the first-mentioned Act (but subject to the sanction of the Secretary of State in Council) the said railway company is authorised to borrow money to an amount which, together with the said sum owing on debenture bonds, shall make up the sum of 5,000,000 *l.* :

And whereas the railways, by the several hereinbefore recited contracts agreed to be made, have been partly constructed and opened :

And whereas by an Act of Parliament passed in the 31st and 32nd years of the reign of Her present Majesty, intituled "An Act to enable certain guaranteed Indian Railway Companies to raise money on debenture stock," it was, amongst other things, enacted that the railway company might from time to time, with the sanction of the Secretary of State in Council of India, and of three-fifths of the votes of its shareholders and stockholders entitled to vote in that behalf at meetings of the said railway company present in person or by proxy at any extraordinary meeting convened with notice of that purpose, raise all or any part of the money which for the time being the said railway company had raised or was authorised to raise on mortgage or bond by the creation and issue at such times, in such amounts and manner, on such terms, at such price, subject to such conditions, and with such rights and privileges as the Secretary of State in Council of India should think fit of stock, to be called Debenture Stock, instead of and to the same amount as the whole or any part of the money which might for the time being be owing by the said railway company on mortgage or bond, or which the said railway company might from time to time have power to raise on mortgage or bond, and might with such sanction of its shareholders and stockholders as therein aforesaid, attach to the stock so created such fixed and perpetual, irredeemable, redeemable, variable, or other interest at such rate payable half-yearly or otherwise, and commencing at once, or at any future time or times when and as the debenture stock should be issued or otherwise, as the Secretary of State in Council of India should think fit. And it was by the same Act enacted that the money raised by debenture stock should be applied exclusively either in paying off money due by the said railway company on mortgage or bond, or else for the purposes to which the same money would be applicable if it were raised on mortgage or bond, instead of debenture stock :

And whereas it has been agreed between the Secretary of State in Council and the said Railway Company, that the Secretary of State in Council should give such sanction as is hereinafter given to the creation and issue by the said Railway Company of debenture stock, and that such stipulations as are hereinafter contained in relation thereto should be made and entered into :

And whereas the covenants herein on the part of the Secretary of State in Council are hereby declared by the Secretary of State in Council to be entered into with the concurrence of a majority of votes at a meeting of the Council :

NOW THIS INDENTURE WITNESSETH that in pursuance of the said agreement, and in consideration of the premises, the said Railway Company do hereby for themselves and their successors (so far as the covenants and agreements hereinafter contained are to be observed and performed by them), covenant with the Secretary of State in Council, and the Secretary of State in Council doth hereby (so far as the covenants and agreements hereinafter contained are to be observed

and performed by the Secretary of State in Council) covenant with the said Railway Company and their successors in manner following (that is to say) :---

1. That it shall be lawful for the said Railway Company with such sanction of its shareholders and stockholders as in the last-mentioned Act is provided, to raise all or any part of the sum of 5,000,000 £. by the creation and issue at such times, in such amounts and manner, and at such price as the Secretary of State in Council shall think fit, of debenture stock, to be called "Great Indian Peninsula Railway Debenture Stock," instead of and to the same amount in value as the whole or any part of the money which is owing by the said Railway Company on debenture bond which the said railway company has power to raise on debenture bond as aforesaid, and to attach to the stock so created a fixed interest at the rate of 4 £. per cent. per annum, payable half-yearly, the stock so created to be irredeemable, the certificates for which debenture stock on their issue, either originally or for the purpose of giving effect to any transfer of such stock, shall be according to the form in the second schedule to these presents, and the creation and issue of such stock shall be upon the terms and subject to the conditions, and with the rights and privileges specified by endorsement to be made on such certificate according to the form in that behalf in the same schedule, or upon such terms, and subject to such conditions, and with such rights and privileges as the Secretary of State in Council shall think fit, such last-mentioned terms, conditions, rights, and privileges to be specified by endorsement on the certificate.

2. That all sums of money which shall at any time be raised by the said Railway Company by the issue of debenture stock, shall be forthwith paid into the Bank of England to the credit of the account of the Secretary of State in Council of India, to remain there until the same shall be required for the purposes for which the same are or would be applicable, as mentioned in the said Act of the 31st and 32nd years of Her present Majesty :

Provided that it shall be lawful for the said Railway Company, as to any part of the debenture stock to be created and issued as aforesaid, in lieu of raising money thereby, to issue the same in exchange at par, or at such rate as the Secretary of State in Council shall think fit, for any bond or bonds of the company.

3. That the Secretary of State in Council will from time to time, as often as and when the interest shall become due on the debenture stock for the time being issued under the sanction hereby given, and so as duly to provide for the payment of such interest, pay out of the revenues of India the amounts of such interest into the bank of the London and County Banking Company, Lombard-street, or of other the bankers for the time being of the said Railway Company, to an account to be called "Great Indian Peninsula Railway Company Debenture Stock Account," to be applied by the said railway company in payment of such interest.

Provided always that no interest shall become due from or payable by the Secretary of State in Council on any debenture stock issued for raising moneys to be applied in payment off of debenture bonds, until the debenture bonds shall have actually been paid off; but the interest shall in every such case, in the first instance, run from the days on which the debenture bonds respectively shall have been actually paid off, but in case of moneys being raised by the issue of debenture stock, for other purposes than the payment off of debenture bonds, the interest on such stock shall run from the time when the moneys so raised shall have been paid into the Bank of England in manner aforesaid.

4. That the payment of the interest hereinbefore agreed to be paid by the Secretary of State in Council shall be in full satisfaction of all interest which under the said several indentures of contract, dated respectively the 17th day of August 1849, the 2nd day of August 1853, and the 15th day of November 1854, would or might become payable in respect of the principal moneys raised by the debenture stock to which this contract relates, and paid into the Bank of England to the credit of the account of the Secretary of State in Council of India.

5. That the interest to be paid by the Secretary of State in Council on the debenture stock for the time being issued under the powers hereby given, shall
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for the purposes of the provisions contained in the hereinbefore recited indenture of the 17th day of August 1849, and of the said indentures of the 2nd day of August 1853, and the 15th day of November 1854, by reference to the said indenture of the 17th day of August 1849, as to the application of the net profits of the said railways in payment of the interest therein mentioned, so as to exonerate the East India Company (now represented by the Secretary of State in Council) from the same, and concerning the application of half of the surplus net profits in repayment of any sums previously paid for interest, with simple interest on such sums be treated as if the same were interest guaranteed by the Secretary of State in Council on the capital stock of the said railway company, and the Secretary of State in Council shall in respect of payments made by him for interest on the said debenture stock have all the benefit of those provisions, but in applying the same provisions the simple interest on sums previously paid for interest shall in all cases be reckoned at the rate of 4 l. per cent. per annum.

6. That nothing herein contained shall prejudice, abridge or affect the rights or powers of the Secretary of State in Council under any existing contract between the East India Company or the Secretary of State in Council, and the said railway company, with reference to giving notice to the said railway company to raise by the issue of ordinary shares or stock, any moneys requisite to pay off existing debenture bonds, or on failure of the said railway company to raise such sums with reference to the same if paid by the Secretary of State in Council out of the revenues of India being considered as capital of the said railway company contributed by the Secretary of State in Council and otherwise, but all such rights and powers shall continue and be in force as if these presents had not been executed.

7. That the debenture stock hereby authorised to be issued shall not, nor shall moneys to be raised by the issue thereof, be considered as capital expended within the meaning of the clauses for surrender or re-entry contained in the said indenture of the 17th day of August 1849, and the said indentures of the 2nd day of August 1853, and the 15th day of November 1854, by reference to the said indenture of the 17th day of August 1849, nor shall such stock or moneys be considered as representing capital stock within the clauses for purchase in the same indentures contained, and that if the Secretary of State in Council shall at any time either before or after the expiration of the said term of 99 years, take or recover possession of the said railways and works under the provisions for reverter, surrender, purchase, and re-entry contained in the same several indentures or under any of such provisions, then and in every or any such case the Secretary of State in Council shall from the time of such possession being taken or recovered be deemed to succeed to and stand in place of the said railway company in their liability on the said debenture stock, and from that time the said railway company and its capital and effects shall be absolutely discharged to all intents and purposes from all liability to the holders thereof, or to the Secretary of State in Council or otherwise on or in respect of the said debenture stock as well in relation to principal as to interest, whether past or future, and a notice to the effect above mentioned shall be endorsed on the certificates of the said debenture stock at the issue of the same.

In witness whereof, William Urquhart Arbuthnot and Charles Mills, Esquires, being two members of the Council of India, have hereunto set their hands and seals, and the said railway company have caused their common seal to be affixed, the day and year first above written.

THE FIRST SCHEDULE.

SUMMARY OF DEBENTURE BONDS.

Whether Renewable or not.	When Repayable.	Rate of Interest.	Amount due each Half-year.			Total Amount due each Half-year.		
			£.	s.	d.	£.	s.	d.
No option - - -	1870, January - -	5%	194,600	-	-			
" - - -	" " - -	4½	521,000	-	-	715,600	-	-
" - - -	" July - -	5	36,900	-	-	36,900	-	-
" - - -	1871, January - -	4½	313,700	-	-			
" - - -	" " - -	5	67,550	-	-	881,250	-	-
" - - -	" July - -	4½	6,400	-	-			
" - - -	" " - -	5	382,850	-	-	382,850	-	-
" - - -	1872, January - -	5	583,400	-	-			
With option - - -	" " - -	5	1,074,450	-	-	1,657,850	-	-
No option - - -	" July - -	4½	42,800	-	-			
" - - -	" " - -	5	435,000	-	-	477,800	-	-
" - - -	1873, July - -	5	268,800	-	-	268,800	-	-
						£.	3,926,950	- -

THE SECOND SCHEDULE.

FORM OF CERTIFICATE.

The Great Indian Peninsula Railway Company, incorporated by Act 12 & 13 Vict., c.83,
1st August 1849.

Office, 3, New Broad-street, London.

Great Indian Peninsula Railway debenture stock bearing interest at 4 l. per cent. per
annum, guaranteed by the Secretary of State in Council of India.

No. £.

This is to certify that on the date hereof

of

is the registered proprietor of

Great Indian Peninsula Railway debenture stock, dated the
day of 18

£.

N.B.—This certificate is issued according to the notice on the back.

NOTICE.

1. The within-mentioned sum is part of the debenture stock which the company is authorised to raise, and which is issued under the sanction of the Secretary of State in Council of India. The debenture stock is a charge upon the undertaking of the company prior to all other stock or shares, but without any priority among the holders of such debenture stock.

2. In

2. In the event of the railway being surrendered to or purchased by, or otherwise passing into the possession of the Secretary of State in Council under any of the provisions of the company's contracts, all liability in respect of the debenture stock will devolve upon the Secretary of State in Council, and thereupon the Secretary of State in Council shall be deemed to stand in the place of the company in their liability on the stock, and from that time the company and the members thereof shall be discharged from all liability to the holders of the stock.

3. The interest on the stock is perpetual, and is payable half-yearly into the company's bankers by the Secretary of State in Council out of the revenues of India, and will be payable to the holders by warrants issued by the company.

4. The warrants will be sent by post to the registered holders, and it is important that notice of any alteration of address should be given to the secretary, to prevent miscarriage.

N.B.—This certificate should be carefully preserved, as it must be delivered back to the company at the time the holder seeks to effect a transfer of the whole or any portion of the stock described in it.

CONTRACT between The SECRETARY of STATE in Council and The GREAT INDIAN PENINSULA RAILWAY COMPANY, as to further Capital of 2,000,000 £; dated 9th April 1869.

THIS INDENTURE, made the 9th day of April 1869, between The SECRETARY of STATE in COUNCIL of the one part, and The GREAT INDIAN PENINSULA RAILWAY COMPANY, incorporated by an Act of Parliament of the 12th and 13th years of the reign of Her present Majesty, intituled "An Act to incorporate the Great Indian Peninsula Railway Company and for other purposes connected therewith" (which Act was amended by an Act of the 17th and 18th years of Her present Majesty) of the other part.

Whereas the said Great Indian Peninsula Railway Company were incorporated by the said first-mentioned Act of Parliament for the purpose of making and constructing, working and maintaining such railway or railways in the East Indies as might be agreed upon by the said Railway Company and the East India Company; and by the same Act the said railway company were empowered from time to time to enter into and conclude with the East India Company, on account of the Government of India, such contracts, agreements and arrangements as the respective parties might think fit and agree upon for making any railway or railways in India, and any telegraphs connected therewith, and for maintaining and working the same, including (among other provisions) any provisions for depositing with, or paying to, the East India Company all or any part of the subscribed capital of the said railway company upon any terms as to interest or otherwise to be agreed upon. And it was by the same Act provided that, in case the said railway company should, under any agreement or agreements with the East India Company, be empowered to make or carry on any railways or works in India, whatever might be the extent of such railways and works, it should be lawful for the said railway company, as therein mentioned, to increase the capital of the said railway company to any amount which should be certified by the East India Company to be proper and desirable, having regard to the extent of the undertakings in which the said railway company should for the time being be engaged, and every such increase of capital, as aforesaid, should be raised by shares or capital stock, in manner therein mentioned:

And whereas by an indenture bearing date the 17th day of August 1849, and made between the East India Company of the one part and the said Railway Company of the other part, it was (amongst other things) agreed that the said

railway company should construct and open an experimental line of railway to commence at or near Bombay, and to take a direction to or near Callian, at an estimated cost of 500,000 *l.*, or thereabouts, and that the East India Company should pay to the said railway company during the term of 99 years from the date of the said indenture, determinable by surrender or purchase of the said railway and works as in the said indenture mentioned, interest at the rate of 5 *l.* per cent. per annum on the said sum of 500,000 *l.*, or on such part thereof as should for the time being have been paid into the Treasury of the East India Company ;

And whereas by an Indenture bearing date the 2nd day of August 1853, and made between the East India Company of the one part and the said Railway Company of the other part, it was amongst other things agreed that the said railway company should construct and open a line of railway, being an extension to Shawpore of the said experimental line, and that the said railway company should pay into the Treasury of the East India Company such moneys in excess of the said sum of 200,000 *l.* as should be required for the purposes of the said extension line, and that the East India Company shall pay to the said railway company during the residue of the said determinable term of 99 years, interest at the rate of 5 *l.* per cent. per annum on the said moneys when paid into the Treasury of the East India Company, in addition to the interest on the said sum of 500,000 *l.* :

And whereas the East India Company afterwards sanctioned the raising of the sum of 500,000 *l.* for the purposes of the said indenture of the 2nd of August 1853 :

And, whereas, by an Indenture bearing date the 15th day of November 1854, and made between the East India Company of the one part and the said Railway Company of the other part, it was amongst other things agreed that the said railway company should construct an extension line of railway on the north-east from Shawpore, called the North-Eastern Extension Line, and an extension line of railway on the south-east from Callian, called the South-Eastern Extension Line, in such directions and to such points respectively as might be determined by the East India Company, and that the said railway company should raise and pay into the Treasury of the East India Company the amount required for the making of such extension lines in manner therein mentioned, and that the said railway company should raise and pay into the Treasury of the East India Company, in the first instance, 1,000,000 *l.*, and that the East India Company should, during the residue of the said determinable term of 99 years, in addition to the interest payable under the hereinbefore-recited indentures, pay to the said railway company interest at the rate of 4 *l.* 10 *s.* per cent. per annum on such part of the said sum of 1,000,000 *l.* as should for the time being have been paid into the Treasury of the East India Company, and, at the like rate, on such further sums as might, for the purposes of the contract now in recital, or of the said extension lines, or either of them, be paid into the Treasury of the East India Company :

And whereas by an Indenture bearing date the 10th day of October 1855, and made between the East India Company, of the one part and the said Railway Company of the other part, after recitals whereby it appeared that under a power in that behalf given by the first-mentioned Act, the said railway company, with the consent of the East India Company, had raised the sum of 333,300 *l.* by bonds or debentures, bearing interest at the rate of 4 *l.* 10 *s.* per cent. per annum, and had paid the same into the treasury of the East India Company ; it was, amongst other things, agreed that the East India Company should provide for the payment of such interest, payable in respect of the said debentures, and should pay the principal sums secured thereby on the 1st day of January 1860 :

And whereas in lieu of the said sum of 1,000,000 *l.* mentioned in the said Indenture of the 15th day of November 1854, the East India Company, in the month of December 1854, sanctioned the raising of the sum of 500,000 *l.* for the purposes of the same Indenture, and agreed to pay interest thereon at the rate of 5 *l.* per cent. per annum, instead of 4 *l.* 10 *s.* per cent. per annum, as provided by the same indenture, and in the month of August 1855 the East India Company agreed that the several sums of 500,000 *l.* and 500,000 *l.* previously authorised to be raised for the purposes of the said Indentures of the 17th day of August 1849 and the 2nd day of August 1853, and bearing interest at the rate of 5 *l.* per cent. per annum, or any part of the same sums, might be made available for

for the purposes of the said Indenture of the 15th day of November 1854, and in the months of January, May, and November 1856, respectively, the East India Company sanctioned the raising of the respective additional sums of 1,500,000 *l.*, 1,000,000 *l.*, and 2,000,000 *l.* for the purposes of the said Indenture of the 15th day of November 1854 :

And whereas by an Indenture bearing date the 7th day of August 1857, and made between the East India Company, of the one part and the said Railway Company, of the other part, it was provided and agreed that the East India Company should, in addition to the interest payable under the said Indenture of the 10th day of October 1855, and in lieu of the interest at the rate of 4 *l.* 10 *s.* per cent. per annum, payable under the said Indenture of the 15th day of November 1854, during the residue of the said determinable term of 99 years, pay to the said railway company interest at the rate of 5 *l.* per cent. per annum on the said sums of 500,000 *l.*, 500,000 *l.*, 1,500,000 *l.*, 1,000,000 *l.*, and 2,000,000 *l.*, or on such parts thereof, respectively, as had been, or for the time being should have been, paid into the treasury of the East India Company, and also interest on any further capital to be raised for the purposes of the said Indenture of the 15th day of November 1854, at such higher rate, if agreed on, than 4 *l.* 10 *s.* per cent. per annum, as by any endorsements to be from time to time made on the Indenture now in recital, or by any separate instrument, to be respectively sealed with the corporate seals of the said companies respectively, should be specified in that behalf :

And whereas under the Act passed in the 21st and 22nd years of the reign of Her Majesty, intituled, "An Act for the better Government of India," the benefit of the hereinbefore recited indentures of contract became vested in Her Majesty for the purposes of the Government of India, and, save as otherwise provided for by the same Act, one of Her Majesty's principal Secretaries of State was to have, and might perform, all such and the like powers and duties relating to the Government or revenues of India, as might or should have been exercised or performed by the East India Company, and the Secretary of State in Council, with the concurrence of a majority of votes at a meeting of the Council of India, was empowered to enter into any contracts whatsoever which might be thought fit for the purposes of that Act, and all moneys payable to the said railway company in respect of the said indentures of contract, and all liabilities to be contracted on account of the Government of India, were charged and made chargeable on the revenues of India :

And whereas divers other sums have since at different times been authorised by the Secretary of State in Council to be raised by the said railway company for the purposes of their undertaking, by the issue of shares in the same company, and the total capital which has been authorised to be raised by the issue of shares in the same company amounts to the sum of 15,000,000 *l.*, and divers other sums have since, at different times, been authorised by the Secretary of State in Council to be raised by the said railway company on debentures, and the total amount of the sums so authorised to be raised on debentures of the company is the sum of 4,000,000 *l.*, part of which, namely, 73,050 *l.*, has been paid off, leaving the sum of 3,926,950 *l.* due on debentures, which debentures are payable at different times with different rates of interest, and the sum of 5,000,000 *l.* has been authorised by the Secretary of State in Council to be raised by the said railway company, by the creation and issue of debenture stock, to bear interest at 4 *l.* per cent. per annum, and as to a competent part thereof to be instead of the said sum left due on debentures, of which 5,000,000 *l.* there has been issued (independently of the said sum left due on debentures) 600,000 *l.* debenture stock, and the interest on all the sums so as aforesaid authorised to be raised by shares (such interest being at the rate of 5 *l.* per cent. per annum), and the principal sums and interest remaining owing and secured on debentures, and the interest payable on debenture stock issued as aforesaid, and hereafter to be issued in respect of the said authorised amount of debenture stock, have respectively been guaranteed to be paid or to be provided for by the East India Company, or by the Secretary of State in Council, out of the revenues of India, under the several contracts hereinbefore mentioned to have been entered into in that behalf, or under other contracts which have for that purpose been since entered into between the Secretary of State in Council and the said railway company :

And whereas it has lately been agreed between the Secretary of State in Council and the said Railway Company, that the said railway company should

raise a further sum of 2,000,000 *l.* by the issue of capital stock in the same company for the purposes of the said Indenture of the 15th day of November 1854, and that such capital stock should be subscribed for by public tender upon the terms in respect of payment and subscription for the same specified in the schedule hereto, and that the Secretary of State in Council should guarantee interest at the rate of 5 *l.* per cent. per annum on the sum of 2,000,000 *l.* to be raised by the issue of such stock, as the same sum should be paid by the said railway company as hereinafter mentioned, but that the Secretary of State in Council should not guarantee interest on any premium which should be given for the said stock, but that every such premium should be paid by the said railway company into the Bank of England, to the credit of the Secretary of State in Council of India, and be dealt with in manner hereinafter mentioned :

And whereas the whole of the said sum of 2,000,000 *l.* stock so to be issued as aforesaid has been taken and subscribed for at premiums of different amounts, the aggregate amount of such premiums being the sum of 69,232 *l.* 13 *s.* 9 *d.* :

And whereas the sum of 1,807,503 *l.* 9 *s.*, part of the last-mentioned sum of 2,000,000 *l.* so be raised as aforesaid, and the said sum of 69,232 *l.* 13 *s.* 9 *d.*, being the whole amount of the said premiums, the said two sums of 1,807,503 *l.* 9 *s.*, and 69,232 *l.* 13 *s.* 9 *d.*, making together the sum of 1,876,736 *l.* 2 *s.* 9 *d.* have been raised and paid by the said railway company into the Bank of England to the credit of the account of the Secretary of State in Council of India :

And whereas the covenants herein on the part of the Secretary of State in Council are hereby declared by the Secretary of State in Council to be entered into with the concurrence of a majority of votes at a meeting of the Council :

NOW THIS INDENTURE WITNESSETH that in pursuance of the said agreements, and in consideration of the premises the said Great Indian Peninsula Railway Company do hereby for themselves and their successors (so far as the covenants and agreements hereinafter contained are to be observed and performed by them) covenant with the Secretary of State in Council, and the Secretary of State in Council doth hereby (so far as the covenants and agreements hereinafter contained are to be observed and performed on the part of the Secretary of State in Council) covenant with the Great Indian Peninsula Railway Company and their successors in manner following (that is to say) :—

1. That in addition to the interest payable on the sums amounting to 15,000,000 *l.* so as aforesaid authorised to be raised by the said railway company by the issue of share capital in the same company, and in addition to the interest payable or to be provided for upon the sums amounting to 3,926,950 *l.* so as aforesaid due on debentures, or on such part of the said sum as shall not for the time being be paid off or represented by debenture stock, and upon the said sum of 600,000 *l.* debenture stock issued as aforesaid, and any debenture stock to be hereafter issued in respect of the said authorised amount of 5,000,000 *l.* debenture stock capital, and in lieu of the interest at the rate of 4 *l.* 10 *s.* per cent. per annum, under the said Indenture of the 15th day of November 1854, there shall from time to time during the residue for the time being of the said determinable term of 99 years to be paid out of the revenues of India, or moneys applicable in aid thereof, to the said railway company, half-yearly, on the 30th day of June and the 31st day of December in every year interest at the rate of 5 *l.* per cent. per annum on the further sum of 2,000,000 *l.*, raised or to be raised for the purposes of the said Indenture of the 15th day of November 1854, or on such parts thereof as now has, or for the time being shall have been paid by the said railway company, as hereinafter mentioned, such interest being considered in the first instance as running from the day on which the same sum, or such part thereof, has or shall have been so paid.

2. That the said railway company shall raise and pay into the Bank of England, to the account of the Secretary of State in Council of India, such further sum of 2,000,000 *l.* as aforesaid, or such part thereof as has not been already so raised and paid at such times and in such instalments as the Secretary of State in Council shall from time to time determine (but not at any earlier time or in any greater instalment than shall be in accordance with the terms of tender specified in the schedule hereto).

3. That the Secretary of State in Council shall not pay or guarantee, or be required to pay or guarantee, any interest on the said sum of 69,232 *l.* 13 *s.* 9 *d.*,
being

being the aggregate amount of the premiums paid for the said stock as aforesaid, which sum forms part of the said sum of 1,876,736 *l.* 2 *s.* 9 *d.*, so as aforesaid paid into the Bank of England to the credit of the account of the Secretary of State in Council of India, but the said sum of 69,232 *l.* 13 *s.* 9 *d.* shall in all other respects be treated as between the parties hereto as capital, and be applicable for all the purposes for which the 2,000,000 *l.* upon which interest is hereby covenanted to be paid is or shall be applicable.

4. That the covenants and provisions contained in the said several Indentures of the 17th day of August 1849, the 2nd day of August 1853, and the 15th day of November 1854, shall, so far as the same are subsisting and capable of taking effect, continue in full force, and shall, so far as the same are applicable and not inconsistent herewith, apply to the said further capital sum of 2,000,000 *l.* (upon which interest is hereby covenanted to be paid), and the said sum of 69,232 *l.* 13 *s.* 9 *d.*

In witness whereof, Sir Frederick James Halliday, K.C.B., and Sir Thomas Erskine Perry, being two members of the Council of India, have hereunto set their hands and seals, and the said railway company have caused their common seal to be affixed the day and year first above written.

The SCHEDULE referred to in the above written Indenture.

THE TERMS OF TENDER.

(4 December 1868).

A deposit of 5 *l.* per cent. on the amount tendered for to be paid to the London and County Bank.

The stock allotted is to be paid for at the London and County Bank, as follow; viz. :—

On or before

29th December 1868, 25 *l.* per cent., and the premium at which the stock is tendered for, the deposit being credited to such payment.

29th April 1869, 25 *l.* per cent.

28th August 1869, 25 *l.* per cent.

28th December 1869, 25 *l.* per cent.

Payment in full in anticipation of the three last instalments may be made on the 29th of December 1868.

Afterwards payments in full in anticipation of remaining instalments may be made on the first of any month.

CONTRACT between the **SECRETARY of STATE for INDIA in Council** and the **GREAT INDIAN PENINSULA RAILWAY COMPANY**, with respect to further Share Capital to the extent of 3,000,000 £. and for altering the provisions as to the application of the residuary or surplus net Receipts of the undertaking, and releasing the power to purchase on the expiration of the first 25 years of the term of 99 years, dated 30th November 1870.

THIS INDENTURE made the 30th day of November 1870, between the **SECRETARY of STATE in COUNCIL** of the one part and the **GREAT INDIAN PENINSULA RAILWAY COMPANY** incorporated by an Act of Parliament of the 12th and 13th years of the reign of Her present Majesty, intituled "An Act for incorporating the Great Indian Peninsula Railway Company, and for other purposes connected therewith" (which Act was amended by an Act of the 17th and 18th years of Her present Majesty), and which Railway Company is hereinafter referred to as "The Company," of the other part.

Act of Incorporation, 12 and 13 Vict., cap. 83, 1st August 1849.

WHEREAS the Company was incorporated by the first-mentioned Act of Parliament for the purpose of making and constructing, working and maintaining such railway or railways in the East Indies as might be agreed upon by the Company and the East India Company, and also of doing and performing all such matters and things necessary or convenient for carrying into effect the objects and purposes aforesaid, as might be agreed upon between the Company and the East India Company, and by the same Act the Company was made subject to the clauses of the "Companies Clauses Consolidation Act, 1845," with respect (amongst other things) to the conversion of borrowed money into capital, and by the same Act the company was empowered from time to time to enter into and conclude with the East India Company, on account of the Government of India, such contracts, agreements, and arrangements as the respective parties might think fit and agree upon for making any railway or railways in India, and any telegraphs connected therewith, and for maintaining and working the same, including (among other provisions) any provisions as to the tolls, receipts and profits thereof, and the application of such tolls, receipts and profits, and any provisions for depositing with or paying to the East India Company all or any part of the subscribed capital of the Company, upon any terms as to interest or otherwise to be agreed upon, and any provisions intended to enforce or secure the due performance of any contract or engagement to be made by the Company, with power from time to time to vary and alter such contracts, agreements, and arrangements; and it was by the same Act provided that when and so soon as from time to time the whole of the capital for the time being of the Company should have been subscribed for and one-half of such capital should have been paid up, it should be lawful for the Company from time to time to borrow money to an amount in the whole equal to one-third part of such capital, for the time being in manner therein mentioned; and it was also provided that in case the Company should under any agreement or agreements with the East India Company be empowered to make or carry on any railways or works in India, it should be lawful for the Company as therein mentioned to increase its capital to any amount which should be certified by the East India Company to be proper and desirable, having regard to the extent of the undertakings in which the Company should for the time being be engaged, and every such increase of capital as aforesaid should be raised by shares or capital stock in manner therein mentioned:

Borrowing powers.

Indenture, 17th August 1849.

And whereas by an indenture bearing date the 17th of August 1849 and made between the East India Company of the one part and the Company of the other part, it was (amongst other things) agreed that the Company should construct and open an experimental line of railway to commence at or near Bombay and to take a direction to or near Callian, at an estimated cost of 500,000 £. or thereabouts, and that the East India Company should provide the land required for the said railway and should grant the same to the Company for a term of 99 years from the date of the Indenture now in recital determinable as therein mentioned, and that the East India Company should from time to time during the said term of 99 years pay to the Company half-yearly, on the 30th day of June

June and the 31st day of December in every year, interest at the rate of 5 l. per cent. per annum on the said sum of 500,000 l., or on such part thereof as should for the time being have been paid into the Treasury of the East India Company; and further, that if the expenditure of the Company in making the said experimental railway should exceed the said sum of 500,000 l., the East India Company should during the then residue of the said determinable term pay interest at the rate aforesaid on the moneys necessary to meet such excess, from the respective times when such moneys should have been paid into the treasury of the East India Company; and further, that so soon as the Company should begin to work the said experimental railway or any part thereof, the net receipts which should be realised during any half-year or from the commencement up to the first of the aforesaid half-yearly days, after deducting therefrom all sums which should have been expended in the repair and maintenance of the said railway and works, and the repair and restoration of the rolling stock and plant, and the management and conduct of the Company and its affairs, and which should have been allowed or sanctioned by the East India Company, and also deducting such sum (if any) as with the consent of the East India Company might be appropriated and set apart for restoring and making good any deterioration of the railway and works, or stock and plant, and for the current expenses of working the railway (the money to be so appropriated and set apart as a reserve fund or any part thereof being invested or accumulated or otherwise dealt with till required for application in any manner the company might think fit, subject to the sanction and approval of the East India Company) should be applied in the first place in or towards discharge of the interest which should be payable by the East India Company under their covenants thereinbefore contained in respect of the said half-year, so as to exonerate the East India Company, so far as the same net receipts would extend, from the payment of such interest, the money to be so applied being reckoned at the exchange of 1 s. 10 d. per Company's rupee, and the residue (if any) of such net receipts should be applied in manner following (that is to say): one moiety thereof should be forthwith applied in the payment of such sums of money as should at any previous time or times have been paid by the East India Company to the Company under the covenants thereinbefore contained by way of interest as aforesaid, together with simple interest on such sums of money at the rate of 5 l. per cent. per annum, from the times of payment respectively, and such moiety should be paid into the Treasury of the Bombay Government in India, and should be reckoned at the said rate of exchange, and should be applied in reduction and discharge of the whole of the interest payable to the East India Company on the said sums of money before the same should be applied in liquidation of any part of the principal thereof; and the other moiety of the said surplus net receipts should be paid to or applied for the use and benefit of the Company, and if at any time during the said determinable term of ninety-nine years the whole of the moneys previously paid by the East India Company as aforesaid, with interest thereon as aforesaid, should have been repaid and discharged then for every half-year during such time and as often as the same should happen the Company should be entitled, for their own use and benefit, to the entirety of the said surplus net receipts, or (as the case might be) so much thereof as should remain after such repayment and discharge as last aforesaid should have been made; and further, that the Company might at any time after the said experimental line of railway should have been finished and in work for three calendar months, at the least, surrender and relinquish the same to the East India Company on such terms, and the East India Company should pay to the Company for the same such sum of money as therein mentioned; and further, that the East India Company might within six calendar months after the expiration of the first twenty-five years of the said term of ninety-nine years, or at any time within six calendar months after the expiration of the first fifty years of the same term, purchase the said railway and works on the terms therein mentioned, and should pay for the purchase of the same premises the full amount of the value of all the shares or capital stock in the Company, calculated according to the mean market value in London of such shares or stock, during the three years immediately preceding the expiration of the said period of twenty-five years, or the said period of fifty years, as the case might be:

And whereas by an indenture bearing date the 2nd day of August 1853, and made between the said East India Company of the one part, and the Company of

the other part, it was (amongst other things) agreed that the Company should construct and open a line of railway, being an extension to Shawpore of the said experimental line, and that the Company should pay into the Treasury of the East India Company such moneys, in excess of the said sum of 500,000 *l.* as should be required for the purposes of the said extension line, and that the East India Company should pay to the Company, during the residue of the said determinable term of ninety-nine years, interest at the rate of 5 *l.* per cent. per annum on the said moneys when paid into the Treasury of the East India Company, in addition to the interest on the said sum of 500,000 *l.*; and further, that the said original and extension lines of railway, when completed, should be deemed to be one line of railway, and that the profits to accrue on such lines respectively should be applied in and towards the payment of the interest which had become and should be payable by the East India Company; and also for the purposes and in the proportions in and by the said Indenture of the 17th day of August 1849, and in the Indenture now in recital more particularly mentioned; and further, that all and singular the provisions of the said Indenture of the 17th day of August, 1849, in relation to the railway works, stock, plant, machinery, telegraphs, matters and things, and the land for the same thereby agreed to be made and comprised, and mentioned therein, and in relation to the said capital of 500,000 *l.* thereunder to be paid, and the interest thereon, and the dealing with such capital for the purposes of such railway, and to any surplus thereof, and otherwise in relation to such railway and capital respectively should be deemed to extend and be applicable to the railway thereby covenanted to be made, and the land for the same, and to the capital which should be made up or consist of such surplus (if any), as aforesaid, of the said existing capital of 500,000 *l.*, together with such further sum (if any) as should be paid as thereinbefore mentioned as if the same covenants and provisions were expressly and at length extended and applied in that behalf:

And whereas the East India Company afterwards sanctioned the raising of the sum of 500,000 *l.* for the purposes of the said Indenture of the 2nd day of August, 1853:

Indenture, 15th
November 1854.

And whereas by an Indenture bearing date the 15th day of November 1854, and made between the East India Company of the one part, and the Company of the other part, it was (amongst other things) agreed that the Company should construct an extension line of railway on the north-east from Shawpore, called the North Eastern Extension Line, and an extension line of railway on the south-east from Callian, called the South Eastern Extension Line, in such direction and to such points respectively as might be determined by the East India Company, and that the Company should raise and pay into the Treasury of the East India Company the amount, according to the cost to be certified by the East India Company required for the making of such extension lines, at such times and in such instalments as the East India Company should from time to time determine, and that the Company should raise and pay into the Treasury of the East India Company, in the first instance, 1,000,000 *l.*, and that the East India Company should, during the residue of the said determinable term of ninety-nine years, in addition to the interest payable under the hereinbefore recited Indentures, pay to the Company interest at the rate of 4 *l.* 10 *s.* per cent. per annum, on such part of the said sum of 1,000,000 *l.* as should for the time being have been paid into the Treasury of the East India Company, and at the like rate on such further sums as might, for the purposes of the contract now in recital, or of the said extension lines, or either of them, be paid into the Treasury of the East India Company; and further, that the provisions contained in the said Indenture of the 2nd day of August 1853, in relation to the application of the profits to accrue on the said extended experimental line from Bombay to Shawpore, in or towards the payment of the interest which had become or should be payable by the East India Company, should be deemed to be thereby enlarged so as to embrace and extend to the application of the profits to accrue thereon, and on the said North Eastern and South Eastern Extensions, respectively, in or towards the payment of all such interest as under the hereinbefore recited Indentures had become, or should be, or, under the Indenture now in recital, should for the time being have become, or being or be payable by the East India Company, and so in such manner as if the same provisions were therein at length set forth in relation to the said North Eastern and South Eastern Extensions respectively, and expressly extended thereto; and further, that all and singular the provisions of the

the said Indenture of the 17th of August 1849, in relation to the said railway, and the works, stock, plant, machinery, telegraphs, matters and things, and the land for the same, thereby covenanted to be made, and therein comprised and mentioned, and in relation to such capital of 500,000 *l.* thereunder to be paid, and the interest thereon, and the dealing with such capital for the purposes of such railway, and to any surplus thereof and otherwise in relation to such railway and capital respectively, should be deemed to extend and be applicable (except as therein mentioned) to the extension lines that might be made under or by virtue of the Indenture now in recital, and to the land for the same, and to the capital that might be raised and paid under or by virtue of the Indenture now in recital as if the same provisions were expressly and at length extended and applied in that behalf:

And whereas by an Indenture bearing date the 10th October 1855, and made between the East India Company of the one part and the Company of the other part, after recitals whereby it appeared that under the power in that behalf given by the first-mentioned Act the Company, with the consent of the East India Company, had raised the sum of 333,300 *l.* by bonds or debentures bearing interest at the rate of 4 *l.* 10 *s.* per cent. per annum, and had paid the same into the treasury of the East India Company, it was (amongst other things) agreed that the East India Company should provide for the payment of such interest payable in respect of the said debentures, and should pay the principal moneys secured thereby on the 1st day of January 1860; and it was by the Indenture now in recital provided that the East India Company should not require the Company to repay to them any sums so to be advanced and paid by the said East India Company by way of interest on the said debentures or bonds, but that nevertheless such sums, when so paid, should form a charge upon the receipts upon the Company's railway when open, in like manner as the interest advanced on the capital for the time being of the company paid into the said Treasury would form such charge in pursuance of the provisions in that behalf in the said several Indentures of contract contained:

Indenture 10th
October 1855.

And whereas in lieu of the said sum of 1,000,000 *l.* mentioned in the said indenture of the 15th day of November 1854, the East India Company, in the month of December 1854, sanctioned the raising the sum of 500,000 *l.* for the purposes of the same Indenture, and agreed to pay interest thereon at the rate of 5 *l.* per cent. per annum instead of 4 *l.* 10 *s.* per cent. per annum as provided by the same Indenture; and in the month of August 1855 the East India Company agreed that the several sums of 500,000 *l.* and 500,000 *l.* previously authorised to be raised for the purposes of the said Indenture of the 17th August 1849 and the 2nd August 1853, and bearing interest at the rate of 5 *l.* per cent. per annum, or any part of the same sums, might be made available for the purposes of the said Indenture of the 15th November 1854; and in the months of January, May, and November, 1856, respectively, the East India Company sanctioned the raising of the respective additional sums of 1,500,000 *l.*, 1,000,000 *l.*, and 2,000,000 *l.* for the purposes of the said Indenture of the 15th November 1854:

Rate of interest.

And whereas by an Indenture bearing date the 7th of August 1857, and made between the East India Company of the one part, and the Company of the other part, it was provided and agreed that the East India Company should, in addition to the interest payable under the said Indenture of the 10th of October 1855, and in lieu of the interest at the rate of 4 *l.* 10 *s.* per cent per annum payable under the said Indenture of the 15th of November 1854, during the residue of the said determinable term of 99 years, pay to the Company interest at the rate of 5 *l.* per cent. per annum on the said sums of 500,000 *l.*, 500,000 *l.*, 500,000 *l.*, 1,500,000 *l.*, 1,000,000 *l.*, and 2,000,000 *l.*, or on such parts thereof respectively as had been, or for the time being should have been paid into the Treasury of the East India Company, and also interest on any further capital to be raised for the purposes of the said Indenture of the 15th of November 1854, at such higher rate, if agreed on, than 4 *l.* 10 *s.* per cent. per annum, as by any indorsements to be from time to time made on the Indenture now in recital, or by any separate instruments to be respectively sealed with the corporate seals of the said companies respectively should be specified in that behalf:

Indenture, 7th
August 1857.

And whereas by the "Act for the Better Government of India, 21 and 22 Vict., c. 106," the territories of the East India Company and their rights in relation thereto and the revenues of India became vested in Her Majesty and receivable

able in her name for the purposes of the Government of India, and those rights and the powers and duties relating to the Government and revenues of India are now exercised in Her name by the Secretary of State in Council, and by that Act all Acts and provisions then in force under charter or otherwise concerning India were, subject to the provisions of that Act, to continue in force and be construed as referring to the Secretary of State in Council in the place of the East India Company, and it was by the same Act enacted that all contracts, covenants, liabilities, and engagements of the East India Company made, incurred, or entered into before the commencement of that Act might be enforced by and against the Secretary of State in Council in like manner and in the same courts as they might have been by and against the East India Company if that Act had not been passed :

And by the same Act the Secretary of State in Council has full power with the concurrence of a majority of votes at a meeting to enter into any contracts for the purposes thereof :

And whereas divers other sums have since at different times been authorised by the Secretary of State in Council, to be raised by the company for the purposes of their undertaking, by the issue of shares or ordinary stock in the company, and the total capital which has been authorised to be raised by the issue of shares or ordinary stock in the company amounts to the sum of 17,000,000 *l.*, and divers other sums have since at different times been authorised by the Secretary of State in Council to be raised by the company on debentures, and the total amount of the sums so authorised to be raised on debentures of the company, is the sum of 4,000,000 *l.*, part of which, namely, 825,550 *l.* has been paid off, leaving the sum of 3,174,450 *l.* due on debentures, which debentures are payable at different times, with different rates of interest, and the sum of 5,000,000 *l.* has been authorised by the Secretary of State in Council to be raised by the company by the creation and issue of debenture stock, to bear interest at the rate of 4 *l.* per cent. per annum, and as to a competent part thereof to be instead of the said sum left due on debentures, of which 5,000,000 *l.* there has been issued (independently of the said sums left due on debentures) 1,514,800 *l.* debenture stock, and the interest on all the sums so, as aforesaid, authorised to be raised by shares (such interest being at the rate of 5 *l.* per cent. per annum), and the principal sums and interest remaining owing on debentures, and the interest payable on debenture stock issued as aforesaid, and hereafter to be issued in respect of the said authorised amount of debenture stock, have respectively been guaranteed to be paid or to be provided for by the East India Company or by the Secretary of State in Council out of the revenues of India, under the several contracts hereinbefore mentioned to have been entered into in that behalf, or under other contracts which have for that purpose been since entered into between the Secretary of State in Council and the Company :

And whereas it has been lately agreed between the Secretary of State in Council and the Company that the Company should raise a further sum of 3,000,000 *l.*, by the issue of shares in the Company for the purposes of the said indenture of the 15th November 1854, and that such shares should be 20 *l.* each, and be offered, in the first instance *pro rata*, to the present shareholders in the Company, and should be subscribed for upon the terms in respect of payment and subscription for the same specified in the schedule hereto, and that the Secretary of State in Council should guarantee interest, at the rate of 5 *l.* per cent. per annum, on the said sum of 3,000,000 *l.*, to be raised by the issue of such shares, as the same sum should be paid by the Company, as hereinafter mentioned, but that the Secretary of State in Council should not guarantee interest on any premium which should be given for the said shares, but that every such premium should be paid by the Company into the Bank of England to the credit of the Secretary of State in Council of India, and be dealt with in manner hereinafter mentioned :

And whereas of the 150,000 shares so as aforesaid to be issued for raising the said sum of 3,000,000 *l.*, 139,491 have been taken and subscribed for at a premium of 1 *l.* per share, the aggregate amount of such premiums being the sum of 139,491 *l.*, part of the sum of 150,000 *l.*, the total aggregate amount of the premiums on the said 150,000 shares, and part of the shares so subscribed for have been paid up and converted into stock :

And whereas the sum of 1,938,690 *l.*, part of the said sum of 3,000,000 *l.* to be raised as aforesaid, and the said sum of 139,491 *l.*, being the whole amount of the said

• Further share capital.

Premium.

said premiums on the shares taken and subscribed for (the said two sums of 1,938,690 *l.*, and 139,491 *l.*, making together the sum of 2,078,181 *l.*) have been raised and paid by the company into the Bank of England to the credit of the account of the Secretary of State in Council of India :

And whereas it has been further agreed that the said existing arrangements between the Secretary of State in Council and the Company for the application of the residuary or surplus net receipts of their undertaking, and for the purchase of the undertaking of the company, should be altered in the manner hereinafter appearing, and so that the Secretary of State in Council should release and give up, in manner hereinafter appearing, the right he would otherwise have, under the said existing contracts, of purchasing the undertaking of the company at the expiration of the first twenty-five years of the said term of 99 years :

And whereas the covenants hereinafter on the part of the Secretary of State in Council are hereby declared by the Secretary of State in Council to be entered into with the concurrence of a majority of votes at a meeting of the Council.

NOW THIS INDENTURE WITNESSETH that in pursuance of the said agreement, and in consideration of the premises, the company do hereby, for themselves and their successors (so far as the covenants and agreements hereinafter contained are to be observed and performed by them) covenant with the Secretary of State in Council, and the Secretary of State in Council doth hereby (so far as the covenants and agreements hereinafter contained are to be observed and performed on the part of the Secretary of State in Council) covenant with the company and their successors in manner following (that is to say) :—

1. That in addition to the interest payable on the said sums amounting together to 17,000,000 *l.* authorised to be raised by the company, by the issue of shares or ordinary stock in the company, and in addition to the interest payable or to be provided for upon the sums amounting together to 3,174,450 *l.* so as aforesaid, due on debentures or on such part of the same sum as shall not for the time being be paid off or represented by debenture stock, and upon the said sum of 1,514,800 *l.* debenture stock issued as aforesaid, and any debenture stock to be hereafter issued, in respect of the said authorised amount of 5,000,000 *l.* debenture stock capital, and in lieu of the interest at the rate of 4 *l.* 10*s.* per cent. per annum under the said indenture of the 15th day of November, 1854, there shall from time to time during the residue for the time being of the said determinable term of 99 years be paid out of the revenues of India, or moneys applicable in aid thereof to the company half-yearly on the 30th day of June and the 31st day of December in every year, interest at the rate of 5 *l.* per cent. per annum on the further sum of 3,000,000 *l.* raised or to be raised for the purposes of the said indenture of the 15th day of November 1854, or on such part thereof, as now has or for the time being shall have been paid by the company as hereinafter mentioned, such interest being considered in the first instance as running from the day on which the same sum or such part thereof has or shall have been so paid.

2. That the company shall raise and pay into the Bank of England to the account of the Secretary of State in Council of India such further sums, as aforesaid, of 3,000,000 *l.* and 150,000 *l.*, total aggregate amount of premiums in respect thereof, or such part of the same sums as has not been already so raised and paid, at such times and in such instalments as the Secretary of State in Council shall from time to time determine :

Provided always, that if the company shall raise and receive any portion of the said further sums of 3,000,000 *l.* and 150,000 *l.* in India, it shall be lawful for them to pay the amount so received into the treasury of the Government at Bombay, in or towards satisfaction of the instalments aforesaid, and the acknowledgment of such respective payments there, shall, when produced to the Secretary of State in Council in London, be considered and taken in part satisfaction of the said further sums of 3,000,000 *l.* and 150,000 *l.*, so to be paid as aforesaid, or of such part thereof as aforesaid, at the exchange of 1 *s.* 10 *d.* for each Company's rupee.

3. That the Secretary of State in Council shall not pay or guarantee, or be required to pay or guarantee, any interest on the said 139,491 *l.*, being the aggregate amount of the premiums paid for the said shares taken and subscribed

for as aforesaid, which sum forms part of the said sum of 2,078,181 *l.*, so as aforesaid paid into the Bank of England to the credit of the account of the Secretary of State in Council of India, nor on the residue or any other part, to be paid as aforesaid, of the said 150,000 *l.* total aggregate of premiums on the said 150,000 shares, but the said sum of 139,491 *l.*, and the residue and every other part of the said 150,000 *l.* shall in all other respects be treated as between the parties hereto as capital, and be applicable for all the purposes for which the 3,000,000 *l.*, upon which interest is hereby covenanted to be paid, is or shall be applicable.

4. That henceforth, during the said determinable term of 99 years, the whole net receipts which shall be realised during any half-year, on every line of railway belonging to the company, after deducting therefrom all sums which shall have been expended in the repair and maintenance of the railways and works, and the repair and restoration of the rolling stock and plant, and the management and conduct of the company and its affairs, and which shall have been allowed or sanctioned by the Secretary of State in Council, and also deducting such sum (if any) as, with the consent of the Secretary of State in Council, may have been appropriated and set apart for repairing, restoring and making good any deterioration of the said railways and works or stock and plant, and for the current expenses of working the said railways or any of them, the money (if any) to be so appropriated and set apart as a reserve fund, or any part thereof being invested and accumulated, or otherwise dealt with till required for application, in any manner the company may think fit, subject to the approval of the Secretary of State in Council, shall be applied in the first place in or towards discharge of the interest which shall be payable by the Secretary of State in Council under the covenants in that behalf hereinbefore contained and the interest which shall be payable on the said sums, amounting together to 17,000,000 *l.*, and upon the sums amounting together to 3,174,450 *l.*, so as aforesaid due on debentures or on such part of the same sum as shall not for the time being be paid off or represented by debenture stock, and upon the said sum of 1,514,800 *l.* debenture stock issued as aforesaid, and any debenture stock to be hereafter issued in respect of the said authorised amount of 5,000,000 *l.* debenture stock capital in respect of the said half-year, so as to exonerate the Secretary of State in Council so far as the same net receipts will extend from the payment of such interest, the money to be so applied being reckoned at the exchange of 1 *s.* 10 *d.* per Company's rupee, and the residue, if any, of such net receipts shall be applied in manner following: that is to say, one moiety thereof shall belong to the Secretary of State in Council as part of the revenues of India, and the other moiety of the said surplus net receipts shall be paid to or applied for the use and benefit of the company.

Division residuary or surplus net receipts.

And it is hereby declared that the provision hereby made for the application of the said residuary or surplus net receipts shall henceforth be substituted for and supersede every provision as to the application of the residuary or surplus net receipts in any contract now subsisting between the Secretary of State in Council and the company, and every such last-mentioned provision shall from the date of these presents, cease to have any effect.

Release of power to purchase on the expiration of first 25 years of term of 99 years.

5. That the Secretary of State in Council hereby releases and gives up the right which the Secretary of State in Council would otherwise so, as aforesaid, have under or by virtue of the said indentures of the 17th of August 1849, and 2nd August 1853, and the 15th November 1854, or under some or one of them, or otherwise, of purchasing the said railways and works within six calendar months after the expiration of the first 25 years of the said term of 99 years, which 25 years will expire in August 1874.

6. That the covenants and provisions contained in the said several indentures of the 17th day of August 1849, the 2nd of August 1853, and the 15th day of November 1854, respectively, shall, so far as the same are applicable and not inconsistent herewith, apply to the further capital of 3,000,000 *l.*, upon which interest is hereby covenanted to be paid, and that all the same covenants and provisions, so far as they are capable of taking effect, and are not rescinded, modified, or altered by the provisions of these presents, and in particular the powers of the Secretary of State in Council to purchase the said railways and works at any time within six calendar months after the expiration of the first 50 years

50 years of the said term of 99 years shall be and remain in full force as if these presents had not been executed.

In witness whereof, Sir Frederick James Halliday, K.C.B., and Major General Sir William Erskine Baker, K.C.B., being two members of the Council of India, have herunto set their hands and seals, and the said Railway Company have caused their common seal to be affixed the day and year first above written.

THE SCHEDULE

Referred to in the above written Indenture :—

150,000 shares of 20 L. each	-	-	-	-	-	£. 3,000,000
Premium of 1 L. per share thereon payable on allotment	-					150,000

CONTRACT between the **SECRETARY** of **STATE** in **Council** and the **MADRAS RAILWAY COMPANY**, dated 13th March 1860.

THIS INDENTURE, made the 13th day of March 1860, between the **SECRETARY** of **STATE** in **Council** of the one part and the **MADRAS RAILWAY COMPANY** incorporated by an Act of Parliament made and passed in the Session of the 16th year of the reign of Her present Majesty, intituled, "An Act for incorporating the Madras Railway Company, and for other purposes connected therewith," of the other part.

WHEREAS the said Madras Railway Company were incorporated by the said Act of Parliament for the purpose of making and constructing, working and maintaining such railway or railways in the East Indies as might be agreed upon by the said railway company and the East India Company, and by the said Act the said railway company were empowered from time to time to enter into and conclude with the East India Company, on account of the Government of India, such contracts, agreements and arrangements as the respective parties might think fit and agree upon for making any railway or railways in India, including all or any of the provisions therein particularly mentioned:

And whereas by an Indenture bearing date the 22nd day of December 1852, and made between the East India Company of the one part and the said Madras railway company of the other part, it was, amongst other things, agreed that the said railway company should construct and open an experimental line of railway to commence at or near Madras, and to take a direction towards the Western Coast of India, at an estimated cost of 500,000 L. sterling, or thereabouts. And by an indenture bearing date the 19th day of December 1855, and made between the East India Company of the one part and the said Madras Railway Company of the other part, it was, amongst other things, agreed that the said Railway Company should construct and open a line of railway to commence at some point in the said experimental line, and to proceed to the Western Coast of India, with a branch to Bangalore and the foot of the hills towards Ootacamund, at an estimated cost of 4,000,000 L. sterling, or thereabouts. And by the covenants and provisions of the said indentures respectively, it was, amongst other things, agreed that the land required for the said experimental line and extension line respectively should be provided by the East India Company, and that the moneys required to make up the said sums of 500,000 L. sterling and 4,000,000 L. sterling respectively, and such further sums, if any, as might be required for the purpose of the said experimental line and extension line respectively, should be paid by the said railway company into the treasury of the East India Company, by instalments to be from time to time drawn out for the purposes of the works, and that the land provided for the said experimental line and extension line respectively should be leased by the East India Company to the said railway company

company for the terms of 99 years, to be computed from the date of the said indentures respectively, determinable by surrender or purchase as in the said indentures is mentioned. And that the East India Company should pay to the said railway company, on the 30th day of June and the 31st day of December in every year during the said determinable terms of 99 years, interest at the rate of $4\frac{1}{2}$ per cent. per annum on the moneys paid or to be paid into the treasury of the East India Company for the purposes of the said experimental line as aforesaid, and interest at the rate of 5 l. per cent. per annum on moneys to be so paid in respect of the sum of 500,000 l. first raised for the said extension line, and at the rate of $4\frac{1}{2}$ per cent. per annum on moneys to be so paid in respect of the further sum of 1,000,000 l. raised for the said extension line, and at such rate as might be agreed upon on any additional capital to be raised for the said extension line. And in the said Indenture of the 19th day of December 1855 was contained a provision that the net receipts of the whole line of railway, including the experimental and extension lines, realised in any half-year should be applied in the first place in discharge of the interest payable by the East India Company as aforesaid in respect of such half-year, so as to exonerate them from the same, and that the residue, if any, of such net receipts should be applied as follows: viz., one moiety thereof should be applied in payment of such sums as should at any previous times have been paid by the East India Company to the said railway company by way of interest as aforesaid, together with simple interest on the sums so paid, at the rate of $4\frac{1}{2}$ per cent. per annum from the times of payment respectively; and the other moiety of the said surplus receipts should be applied for the use and benefit of the said railway company:

And whereas by an Indenture bearing date the 13th day of August 1858, and made between the East India Company of the one part, and the said Madras Railway Company of the other part, a contract was entered into for the construction by the said railway company of a line of railway to commence at or near Madras, and to proceed in a north-westerly direction to or near Bellary as a separate and distinct line of railway, with the same or the like covenants and provisions as were contained in the said Indenture of the 19th day of December 1855: And it was thereby provided that the accounts of such line to Bellary, both as to capital and revenue, were to be kept separate and distinct from the accounts of the said other lines of railway:

And whereas, under the provisions of the Act of the 21st and 22nd years of Her Majesty, chapter 106, intituled, "An Act for the better Government of India;" the benefit of the hereinbefore recited contract became vested in Her Majesty for the purposes of the Government of India; and, save as otherwise provided by the said Act, one of Her Majesty's principal Secretaries of State has and may perform all such and the like powers and duties relating to the government or revenues of India as might or should have been exercised or performed by the East India Company and the Secretary of State in Council with the concurrence of a majority of votes at a meeting of the Council of India; has full power to enter into any contract whatsoever as may be thought fit for the purposes of that Act; and all moneys payable in respect of the said Indenture of Contract, and all liabilities contracted on account of the Government of India are charged and chargeable on the revenues of India:

And whereas in the month of June last it was agreed between the Secretary of State in Council and the said railway company, that in order to provide additional capital for the purposes of the said extension line of railway, the said railway company should, in pursuance of powers in that behalf vested in them, raise money by loan to the extent of the sum of 1,000,000 l. sterling, and that bonds or obligations, denominated debentures, under the seal of two of the directors thereof should be created and issued to the persons making advances in respect of the said sum of 1,000,000 l.:

And whereas certain forms of debentures have been prepared, and by such forms of debentures the said railway company bind themselves and their successors to pay to the person named in the debenture the principal sum therein mentioned on the 1st day of July 1864, and also to pay to the same person interest half-yearly on the said principal sums at the rate of 5 l. per cent, per annum on the 1st day of January and the 1st day of July in each year, on presentation only at the Union Bank of London of the coupons annexed to the debenture: And by such form of debenture it is declared that the proprietor for the time being of the debenture is also to have the option at the expiration of

12 months

12 months from the date thereof, and thenceforward at any time before the same becomes payable, to exchange the debenture for a proportionate sum of capital stock of the Company, upon which interest at the rate of 5 l. per cent. per annum is guaranteed under the contract entered into with the East India Company, on leaving with the managing director of the Company, at the offices of the Company in London, one calendar month's notice in writing of his desire so to do, and at the same time delivering up the debenture, with such of the coupons as have not then fallen due, and executing the Company's Deed of Settlement, or a Deed of Accession thereto, and that having so done he will at the expiration of such month be entitled to all the privileges and advantages of a registered proprietor: And it is further declared that in the event of the holder of the debenture not availing himself of the option to become a proprietor of stock the principal sum advanced by him will be repaid at the Union Bank of London on the 1st day of July 1864:

And whereas the said Railway Company forthwith issued proposals for the loan of the sum of 500,000 l. sterling, and the whole of such sum was advanced by various persons in various sums respectively, and was paid into the Bank of England to the credit of the account of the Secretary of State in Council of India:

And whereas the said Railway Company created and issued to the said persons respectively, debentures bearing date respectively on and after the first day of July 1859:

And whereas proposals have lately been issued by the said Railway Company for the loan of a further sum of 500,000 l. sterling, so as to make up in the whole the said sum of 1,000,000 l. sterling, and previously to the date of these presents the sum of 79,500 l., part of such further sum has been advanced by various persons in various sums respectively, and has been paid into the Bank of England to the credit of the account of the Secretary of State in Council of India, and debentures bearing various dates, but all payable on the 1st day of July 1864, have been issued to the said persons respectively:

And whereas it was one of the terms of the said Agreement between the Secretary of State in Council and the said Railway Company with respect to the said loan, that in order to facilitate the obtaining advances, the Secretary of State in Council should guarantee the payment of the principal moneys advanced, and of the interest thereon, in manner hereinafter mentioned, and in evidence of such agreement and guarantee, the said debentures have been signed by an officer on behalf of the Secretary of State in Council, and it is intended that the debentures remaining to be issued should be signed in like manner:

And whereas the covenants hereinafter contained on the part of the Secretary of State in Council are entered into with the concurrence of a majority of votes at a meeting of the Council:

NOW THIS INDENTURE WITNESSETH that, in pursuance of the said agreements, and in consideration of the premises, the Madras Railway Company do hereby, for themselves and their successors (so far as the covenants and agreements hereinafter contained are to be observed and performed by them) covenant with the Secretary of State in Council. And the Secretary of State in Council doth hereby (so far as the covenants and agreements hereinafter contained are to be observed and performed by the Secretary of State in Council for the time being) covenant with the Madras Railway Company and their successors in manner following (that is to say):—

1. That the said Railway Company shall and will from time to time, until the whole of the said sum of 1,000,000 l. sterling shall have been advanced, receive sums of money on loan from any persons respectively willing to advance the same, and shall and will forthwith pay any sums so received into the Bank of England to the credit of the account of the Secretary of State in Council, and shall and will create and issue to the said persons respectively, debentures for securing the principal moneys advanced by them respectively, and the interest thereon, as hereinbefore mentioned.

2. That the Secretary of State in Council shall and will as often as, and when the interest at the rate of 5 l. per cent. per annum in respect of such of the debentures representing the said sum of 1,000,000 l. sterling, or any part thereof

as shall not previously to the time of payment of interest have been exchanged for stock, shall become due, duly pay out of the revenues of India into the Union Bank of London to an account to be called "The Madras Railway Debenture Account," the aggregate amount of such interest as a fund to meet and provide for the payment of such interest, and shall and will on the said 1st day of July 1864, duly pay out of the revenues of India to the same account the amount of the principal sums payable on such of the said debentures as shall not previously to such day have been exchanged for stock, as a fund to meet and provide for the payment of such principal sums, and the moneys so to be paid to the said account shall be applied to the payment of such interest and principal accordingly. And that the Secretary of State in Council shall and will at all times hereafter, the costs and charges being defrayed out of the revenues of India, well and sufficiently protect, save harmless, and keep indemnified the said Madras Railway Company, and their lands, tenements, goods, chattels, and effects, whatsoever of, from, and against all actions, suits, losses, costs, charges, damages, and expenses whatsoever, which they shall or may suffer, sustain, expend, or be put unto, or which shall or may be commenced, instituted, sued, or prosecuted against them by reason, or in consequence of the said debentures, or any of them.

3. That, upon the holder of any of the said debentures availing himself of the option given to him under the terms of his debenture, and exchanging the said debenture for capital stock of the Company to the same amount, the Secretary of State in Council shall, during the then residue of the said determinable term of 99 years from the 19th day of December 1855, pay out of the revenues of India to the said Railway Company, in London, half-yearly, on the 30th day of June and the 31st day of December in every year, interest at the rate of 5 *l.* per cent. per annum on the capital sum represented by the debentures which shall have been so exchanged, such interest being considered, in the first instance, as running from the last day on which interest shall have become payable on the same debentures previously to the exchange thereof for stock.

4. That the sums hereinbefore agreed to be paid by the Secretary of State in Council for interest as aforesaid shall be in full satisfaction of all interest which, under the said Indenture of the 19th day of December 1855, would or might become payable in respect of the principal moneys raised by the said debentures, and paid into the Bank of England to the credit of the account of the Secretary of State in Council of India, as aforesaid.

5. That the provision contained in the said Indenture of the 19th day of December 1855 concerning the application of the half-yearly net receipts of the said railway in payment of the interest therein mentioned, so as to exonerate the East India Company from the same, and concerning the application of one-half of the surplus of such net receipts in the repayment of any sums previously paid for interest, with simple interest on such sums at the rate of 4½ *l.* per cent. per annum, shall apply to the interest hereinbefore agreed to be paid by the Secretary of State in Council as aforesaid.

6. That all moneys which under the covenant hereinbefore in that behalf contained shall be paid by the Secretary of State in Council in payment of the principal moneys secured by such of the said debentures as shall not be exchanged for stock shall be treated and considered as capital contributed by the Secretary of State in Council out of the revenues of India to the joint stock of the Madras Railway Company for the purposes of the said extension line of railway; and the Secretary of State in Council, on behalf of the Government of India, shall be entitled to all the same benefit and advantages in respect of such capital as if such debentures had been exchanged by the holders thereof for stock which had been transferred to trustees for Her Majesty on account of the Government of India; and in order to give full effect to such rights, the Secretary of State in Council shall be entitled at any time to name a person or persons into whose name or names the trustee or trustees for the purposes aforesaid an equivalent amount of stock may be placed and registered, and thereupon such shares shall be so entered and registered accordingly.

7. That

7. That, subject to the provisions herein contained, the covenants and provisions of the said Indenture of the 19th day of December 1855 shall be and remain in full force and effect.

In witness whereof, Eliot Macnaghten, Esquire, and Sir Proby Thomas Cautley, being two of the members of the Council of India, have hereunto set their hands and seals, and the Madras Railway Company have caused their common seal to be affixed, the day and year first above written.

CONTRACT between the SECRETARY of STATE in Council and the MADRAS RAILWAY COMPANY, dated 23rd October 1861.

THIS INDENTURE, made the 23rd day of October 1861, between the SECRETARY of STATE in Council of the one part, and the MADRAS RAILWAY COMPANY, incorporated by an Act of Parliament made and passed in the Session of the 16th year of the reign of Her present Majesty, intituled, "An Act for incorporating the Madras Railway Company, and for other purposes connected therewith," of the other part.

WHEREAS the said Madras Railway Company were incorporated by the said Act of Parliament for the purpose of making and constructing, working and maintaining such railway or railways, in the East Indies as might be agreed upon by the said Railway Company and the East India Company, and by the said Act the said Railway Company were empowered from time to time to enter into and conclude with the East India Company, on account of the Government of India, such contracts, agreements, and arrangements as the respective parties might think fit, and agree upon for making any railway or railways in India, including all or any of the provisions therein particularly mentioned:

And whereas by an indenture, bearing date the 22nd day of December 1852, and made between the East India Company of the one part, and the said Madras Railway Company of the other part, it was, amongst other things agreed, that the said Railway Company should construct and open an experimental line of railway to commence at or near Madras, and to take a direction towards the western coast of India at an estimated cost of 500,000 *l.* sterling or thereabouts; and by an Indenture bearing date the 19th day of December 1855, and made between the East India Company of the one part, and the said Madras Railway Company of the other part, it was, amongst other things, agreed that the said Railway Company should construct and open a line of railway to commence at some point in the said experimental line, and to proceed to the western coast of India, with a branch to Bangalore and the foot of the hills towards Ootacamund, at an estimated cost of 4,000,000 *l.* sterling or thereabouts. And by the covenants and provisions of the said Indentures respectively, it was, amongst other things, agreed that the land required for the said experimental line and extension line respectively, should be provided by the East India Company; and that the money required to make up the said sums of 500,000 *l.* sterling and 4,000,000 *l.* sterling respectively, and such further sums, if any, as might be required for the purpose of the said experimental line and extension line respectively, should be paid by the said Railway Company into the Treasury of the East India Company by instalments, to be from time to time drawn out for the purposes of the works. And that the land provided for the said experimental line and extension line respectively should be leased by the East India Company to the said Railway Company for terms of 99 years, to be computed from the date of the said Indentures respectively, determinable by surrender or purchase as in the said Indentures is mentioned. And that the East India Company should pay to the said Railway Company on the 30th day of June and the 31st day of December in every year, during the said determinable terms of 99 years, interest at the rate of 4½ per cent. per annum, on the moneys paid or to be paid into the Treasury of the East India Company for the purposes of the said experimental line as aforesaid, and interest at the rate of 5 per cent. per annum on moneys to be so paid in respect of the sum of 500,000 *l.*, first raised for the said extension line, and which capital was denominated First Extension Capital, and

at the rate of $4\frac{1}{2}$ per cent. per annum on moneys to be so paid in respect of the further sum of 1,000,000 *l.* raised for the said extension line, and which capital was denominated Second Extension Capital, and at such rate as might be agreed upon on any additional capital to be raised for the said extension line, and in the said Indenture of the 19th day of December 1855, was contained a provision with respect to the application of the net receipts of the whole line of railway, including the experimental and extension lines :

And whereas, a further sum of 1,000,000 *l.* sterling additional share capital was created by the said Railway Company in the month of May 1856, for the purposes of the said extension line, under an arrangement with the said East India Company, for a guarantee of five per cent. thereon, which said capital was denominated Third Extension Capital :

And whereas, by an indenture, bearing date the 13th day of August 1858, and made between the East India Company of the one part and the said Madras Railway Company of the other part, a contract was entered into for the construction by the said Railway Company of a line of railway to commence at or near Madras, and to proceed in a north-westerly direction to or near Bellary, as a separate and distinct line of railway, with the same or the like covenants and provisions as were contained in the said indenture of the 19th day of December 1855. And it was thereby provided that the accounts of such line to Bellary, both as to capital and revenue, were to be kept separate and distinct from the accounts of the said other lines of railway; and 1,000,000 *l.* sterling further share capital was created for the purposes of such line, under the denomination of Fourth Extension Capital, under a guarantee from the East India Company of five per cent. interest to the shareholders thereof :

And whereas, under the provisions of the Act of the 21st and 22nd years of Her Majesty, chap. 106, intituled, "An Act for the better Government of India," the benefit of the hereinbefore recited contracts became vested in Her Majesty for the purposes of the Government of India, and save, as otherwise provided by the said Act, one of Her Majesty's principal Secretaries of State has, and may perform all such and the like powers and duties relating to the Government or revenues of India, as might or should have been exercised or performed by the East India Company. And the Secretary of State in Council, with the concurrence of a majority of votes, at a meeting of the Council of India, has full power to enter into any contracts whatsoever, as may be thought fit for the purposes of that Act. And all moneys payable in respect of the said Indentures of contract, and all liabilities contracted on account of the Government of India are charged and chargeable on the revenues of India :

And whereas, additional capital being required for the purposes of the said extension line of railway, the said Railway Company, with the sanction of the Secretary of State in Council, raised the sum of 500,000 *l.* sterling on loan, upon debentures of the said Railway Company, bearing interest at the rate of five per cent. per annum, the principal moneys and interest being guaranteed by the Secretary of State in Council :

And whereas, under the provisions of an indenture bearing date the 13th day of March 1860, and made between the Secretary of State in Council of the one part, and the said Madras Railway Company of the other part, the said Railway Company are empowered to raise, for the purposes of the said extension line, a further sum of 500,000 *l.* sterling, in addition to the said last-mentioned sum of 500,000 *l.* on loan; upon debentures bearing a like rate of interest, and guaranteed in like manner as the debentures hereinbefore mentioned; and the said Railway Company have raised the sum of 344,850 *l.* in respect of the said further sum of 500,000 *l.*, making the sum raised up to the present time in respect of such convertible debentures 844,850 *l.* :

And whereas, in the month of December 1860, the said Railway Company were authorised by the Secretary of State in Council of India to raise, for the purposes of the said indenture of the 13th day of August 1858, a further sum of 1,000,000 *l.* sterling in debentures not convertible into shares, bearing interest at the rate of five per cent. per annum; the principal and interest whereof was to be guaranteed by the Secretary of State in Council aforesaid, of which sum the said Railway Company have hitherto found it impracticable to raise more than the sum of 55,650 *l.* :

And whereas all the moneys which have from time to time been raised by the said Railway Company, for the purposes of the said indenture of the 19th day of
December

December 1855, or for the purposes of the said Indenture of the 13th day of August 1858, and paid into the treasury of the East India Company, or into the Bank of England, to the credit of the Secretary of State in Council, have been expended on the said extension line and the said line to Bellary respectively; and, further sums being required, both in England and India, for the payment for materials for the said lines of railway respectively, and for proceeding with the construction thereof respectively, the Secretary of State in Council has agreed that advances shall be made to the said Railway Company, from the treasury of the Secretary of State in Council and from the treasury of the Government at Madras, in manner and upon the terms hereinafter mentioned :

And whereas certain advances have already been made to the said Railway Company in pursuance of the said agreement :

And whereas the covenants hereinafter contained, on the part of the Secretary of State in Council, are entered into with the concurrence of a majority of votes at a meeting of the Council of India: Now this Indenture witnesseth that, in pursuance of the said agreement, and in consideration of the premises, the Secretary of State in Council doth hereby (so far as the covenants and agreements hereinafter contained are to be observed and performed by the Secretary of State in Council for the time being) covenant with the Madras Railway Company and their successors, and the Madras Railway Company do hereby, for themselves and their successors (so far as the covenants and agreements hereinafter contained are to be observed and performed by them) covenant with the Secretary of State in Council in manner following (that is to say) :—

1. That, notwithstanding any provision to the contrary contained in the said Indentures of the 19th day of December 1855 and the 13th day of August 1858 respectively, it shall be lawful for the said Railway Company in London, or their authorised agent in India, with the sanction of the Secretary of State in Council, from time to time to draw from the Treasury of the Secretary of State in Council, or of the Government at Madras, such sums of money, in excess of the balance in favour of the said Railway Company for the time being, in respect of the capital raised for the purposes of the said Indentures respectively, as, in the opinion of the Secretary of State in Council, shall be then immediately required for the purposes of the lines of railway respectively to which the said Indenture respectively relate, and such sums of money shall be so drawn in such manner, and subject to such provisions, regulations, and restrictions as the Secretary of State in Council shall from time to time prescribe; and all sums of money which have heretofore been drawn at Madras by the said Railway Company with the sanction of the Secretary of State in Council, in excess of the balance in their favour, or which shall be drawn at Madras by the said Railway Company in pursuance of the power hereinbefore given to them, shall be calculated at the exchange of 1 s. 10 d. for each Company's rupee

2. That it shall be lawful for the Secretary of State in Council, at any time, and from time to time, by notice in writing to the said Railway Company, to require that all or any sums of money which shall have been drawn by the said Railway Company, in excess of the balance in their favour, in respect of the capital raised for the purposes of the said Extension Line and the said Bellary Line, respectively, shall be treated and considered as capital contributed by the Secretary of State in Council, out of the revenues of India, to the Joint Stock of the Madras Railway Company, for the purposes of the said lines of railway respectively; and forthwith, upon any such requisition being made, such number of fully paid-up shares of 20 l. each in the capital of the said Company, created for the purposes of the said extension line and the said Bellary line respectively, as shall represent the sum appearing by such notice to be due to the Secretary of State in Council, in respect of such lines respectively, shall, in satisfaction of such sum, be placed and registered in the name or names of such person or persons, as trustee or trustees for Her Majesty on account of the Government of India, as shall be named in such notice; and the nominal amount of such share so issued shall be deemed to have been paid by the said Railway Company into the Bank of England on the day on which the next succeeding half-yearly dividends shall become payable, in respect of the shares of the said Railway Company; and the Secretary of State in Council shall thenceforth, during the residue of the determinable term of 99 years from the dates of the said Indentures of the 19th day of December 1855 and the

13th day of August 1858 respectively, pay to the said Railway Company in London, half-yearly, on the 30th day of June and the 31st day of December in every year, interest at the rate of 5 per cent. per annum on the nominal amount of the said shares in the capital created for the said lines respectively, from the time when the said nominal amount shall be so deemed to have been paid into the Bank of England as aforesaid, and the nominal amount of such shares shall, for all purposes, be thenceforth deemed to be part of the capital of the Company.

3. That interest at the rate of 5 per cent. per annum shall be charged upon any sums of money which shall have been drawn by the said Railway Company in excess of the balance in their favour in respect of the capital raised for the purposes of the said extension line, and the said Bellary line respectively, calculated from the time when the said sums shall have been respectively so drawn up to the time when such sums shall have been satisfied by shares in manner aforesaid, and the nominal amount of such shares shall have been deemed to have been paid by the said Railway Company into the Bank of England as aforesaid, and the provision contained in the said Indentures of the 19th day of December 1855 and the 13th day of August 1858 respectively, concerning the application of the half-yearly net receipts of the said lines respectively, shall extend and apply to the payment thereof to the Secretary of State in Council of the current interest respectively so charged as aforesaid, and the provision contained in the said Indentures respectively, concerning the application of one-half of the surplus of such net receipts respectively, to the repayment of any sums previously paid for interest with simple interest thereon, shall extend and apply so as to make such one-half of the surplus net receipts also applicable to the payment thereof to the Secretary of State in Council of the interest which shall have been charged, as aforesaid, in respect of any previous years together with simple interest thereof at the rate of 5 per cent. per annum.

4. That any notice, certificate of opinion or sanction to be given, or signified, on the part of the Secretary of State in Council, for the purposes of these presents, shall be sufficient and binding if signed by the Secretary of State for India, or one of his Under Secretaries of State, or any three Members of the Council of India, or by the Secretary of the Government at Madras, and the Secretary of State in Council shall not, in any case, be bound in respect of notice, opinion, or sanction, unless by some writing signed in the manner before-mentioned.

5. That the Secretary of State in Council shall not have or enforce any claim or demand against the said Railway Company in respect of any moneys which have been, or shall be drawn by the said Railway Company in excess of the balance in their favour as aforesaid, other than and except the right to require shares in satisfaction thereof in manner hereinbefore mentioned, and the fact of any moneys having been so drawn, shall not prejudice or affect the rights of the said Railway Company declared by the said Indentures of the 19th day of December 1855 and the 13th day of August 1858 respectively.

6. That nothing herein contained, and no act or proceeding to be done or had in pursuance of these presents shall be construed to operate or shall operate as a waiver of any rights or remedies vested in the Secretary of State in Council, under or by virtue of the said Indentures of the 19th day of December 1855 and the 13th day of August 1858 respectively, but such rights and remedies shall remain in full force and be exercisable by the Secretary of State in Council in the same and as ample a manner as if these presents had not been made.

In witness whereof William Erskine Baker, Esquire, and Elliot Macnaghten, Esquire, being two Members of the Council of India, have hereunto set their hands and seals, and the Madras Railway Company have caused their common seal to be affixed the day and year first above written.

CONTRACT between the SECRETARY of STATE in Council and the MADRAS RAILWAY COMPANY, dated 28th October 1867.

THIS INDENTURE made the 28th day of October 1867, between the SECRETARY of STATE in Council of the one part and the MADRAS RAILWAY COMPANY incorporated by an Act of Parliament, made and passed in the Session of the 16th year of the reign of Her present Majesty, entitled "An Act for incorporating the Madras Railway Company, and for other purposes connected therewith," and which Act was afterwards amended by two Acts, one passed in the 17th and the other in the 18th years of the reign of Her present Majesty, of the other part.

WHEREAS the said Madras Railway Company (hereinafter called the said Company), was incorporated by the said first-mentioned Act of Parliament, for the purpose of making, and constructing, working, and maintaining, such railway or railways in the East Indies as had been, or might be, agreed upon by the said Company and the East India Company, and by the said Act the said Company were empowered from time to time to enter into and conclude with the East India Company on account of the Government of India, such contracts, agreements, and arrangements, as the respective parties might think fit and agree upon, for making any railway or railways in India, including all or any of the provisions therein particularly mentioned :

And whereas by an Indenture bearing date the 22nd day of December 1852, and made between the East India Company of the one part and the said Company of the other part, it was amongst other things agreed that the said Company should construct and open an experimental line of railway to commence at or near Madras, and to take a direction towards the Western Coast of India, at an estimated cost of 500,000*l.* sterling or thereabouts ; and by an Indenture bearing date the 19th day of December 1855, and made between the East India Company of the one part, and the said Company of the other part, it was amongst other things agreed that the said Company should construct and open a line of railway to commence at some point in the said experimental line and to proceed to the Western Coast of India with a branch to Bangalore and the foot of the hills towards Ootacamund, at an estimate cost of 4,000,000*l.* sterling or thereabouts, and by the covenants and provisions of the said Indentures respectively it was amongst other things agreed that the land required for the said experimental line and extension line respectively should be provided by the East India Company, and that the moneys required to make up the said sum of 4,000,000*l.* sterling should be paid by the said Company into the Treasury of the East India Company, to be from time to time drawn out for the purposes of the works, and that the land provided for the said experimental line and extension line respectively should be leased by the East India Company to the said Company for terms of 99 years, to be computed from the dates of the said Indentures respectively, determinable by surrender or purchase as in the said Indentures respectively is mentioned, and that the East India Company should pay to the said Company on the 30th day of June and the 31st day of December in every year during the said determinable terms of 99 years, interest at the rate of 4*l.* 10*s.* per cent. per annum on the moneys paid or to be paid into the Treasury of the East India Company for the purposes of the said experimental line as aforesaid, and interest at the rate of 5*l.* per cent. per annum on moneys to be so paid in respect of the sum of 500,000*l.*, first raised for the said extension line, and at the rate of 4*l.* 15*s.* per cent. per annum on moneys to be so paid in respect of the further sum of 1,000,000*l.* raised for the said extension line, and at such rate as might be agreed upon on any additional capital to be raised for the said extension line. And in the said Indenture of the 19th day of December 1855, was contained a proviso that the net receipts of the whole line of railway, including the experimental and extension lines, realised in any half year should be applied in the first place in discharge of the interest payable by the East India Company as aforesaid in respect of such half year, so as to exonerate them from the same and that the residue (if any) of such net receipts should be applied as follows, namely, one moiety thereof should be applied in payment of such sums as should at any previous times have been paid by the East India Company to the said Company by way of interest as aforesaid, together

with simple interest on the sums so paid at the rate of 4*l.* 10*s.* per cent. per annum from the times of payment respectively, and the other moiety of the said surplus net receipts should be applied for the use and benefit of the said Company:

And whereas a further sum of 1,000,000 *l.* sterling additional share capital was created by the said company, in or about the month of May 1856, for the purposes of the said extension line under an arrangement with the said East India Company for a guarantee of 5 *l.* per cent. thereon, which said capital was denominated Third Extension Capital:

And whereas by an Indenture bearing date the 13th day of August 1858, and made between the East India Company of the one part and the said company of the other part, a contract was entered into for the construction by the said company of a line of railway to commence at or near Madras, and to proceed in a north-westerly direction to or near Bellary, as a separate and distinct line of railway. And by the said Indenture now in recital the said East India Company agreed to guarantee interest at the rate of 5 *l.* per cent. per annum upon the further capital of 1,000,000 *l.* which had been created and issued by the said company for the purposes of the said new line of railway, under the title of the Fourth Extension Capital. And the said Indenture also contained similar covenants and provisions to those contained in the said Indenture of the 19th day of December 1855 with respect to the said extension line. And it was thereby provided that the accounts of the said line to Bellary, both as to capital and revenue, should be kept separate and distinct from the accounts of the said other lines of railway:

And whereas under the provisions of the Act of the 21st and 22nd years of Her Majesty, c. 106, intituled, "An Act for the better Government of India," the benefit of the hereinbefore recited contracts became vested in Her Majesty for the purposes of the Government of India. And it was by the said Act enacted, that save as otherwise thereby provided, one of Her Majesty's Principal Secretaries of State should have and might perform all such and the like powers and duties relating to the Government or revenues of India as might or should have been exercised or performed by the East India Company, and that the Secretary of State in Council, with the concurrence of a majority of votes at a meeting of the Council of India, should have full power to enter into any contracts whatsoever as might be thought fit for the purposes of that Act, and all moneys payable in respect of the said indentures of contract, and all liabilities contracted on account of the Government of India were thereby charged and chargeable on the revenues of India:

And whereas additional moneys being required for the purposes of the said extension line of railway, the said company, in the month of June 1859, obtained the sanction of the Secretary of State in Council to raise for such purposes the further sum of 1,000,000 *l.* on loan upon debentures convertible into stock, and bearing interest at the rate of 5 *l.* per cent. per annum, the principal moneys and interest being guaranteed and payable by the Secretary of State in Council under the provisions of an Indenture bearing date the 13th day of March 1860, and made between the Secretary of State in Council of the one part and the said company of the other part, and the whole of the last mentioned sum was accordingly so raised:

And whereas additional moneys being required for the purposes of the said extension line of railway, the said company, in the month of December 1860, obtained the sanction of the Secretary of State in Council to raise for such purposes the further sum of 1,000,000 *l.* on loan upon debentures not convertible into stock, and bearing interest at the rate of 5 *l.* per cent. per annum:

And whereas in the month of December 1861, the said company obtained the further sanction of the Secretary of State in Council to raise the last-mentioned sum of 1,000,000 *l.* As to 333,300 *l.*, part thereof upon debentures not convertible into stock, and as to 666,700 *l.*, the remainder thereof, upon debentures convertible into stock and renewable; and the Secretary of State in Council agreed to guarantee the payment of the principal moneys secured by the debentures and of the interest thereon in manner hereinafter mentioned:

And whereas the whole of the said last-mentioned sum of 1,000,000 *l.* so raisable upon debentures was raised, and such sum was paid into the Bank of England to the account of the Secretary of State in Council:

And

And whereas all the debentures for the said last-mentioned sum were in a form approved of by the Secretary of State in Council :

And whereas each of the said debentures for 333,300 *l.* contained an obligation on the part of the said Company for payment of the principal sum named in the debentures, on the 1st day of January 1866, and for payment in the meanwhile of interest thereon, at the rate of 5 *l.* per cent. per annum, on the 1st day of January and the 1st day of July in each year, at the Union Bank of London ; and by each such debenture was given to the proprietor thereof the option to have the time of the repayment of the principal sum postponed until the 1st day of January 1871, and to receive interest in the meantime at the rate of 5 *l.* per cent. per annum :

And whereas the debentures for the said sum of 666,700 *l.* were issued in two series ; one for the sum of 20,000 *l.*, and the other for the sum of 646,700 *l.* :

And whereas each of the debentures composing the said sum of 20,000 *l.* contained an obligation on the part of the said Company for payment of the principal sum named in the debenture on the 1st day of January 1866, and for payment in the meantime of interest thereon at the rate of 5 *l.* per cent. per annum, on the 1st day of January and the 1st day of July in each year, at the Union Bank of London ; and by each such debenture was given to the proprietor thereof the option to have the time of the repayment of the principal sum postponed until the 1st day of January 1871, and to receive interest in the meantime at the rate of 5 *l.* per cent. per annum :

And whereas each of the debentures composing the said sum of 646,700 *l.* contained an obligation on the part of the said Company for payment of the principal sum named in the debenture, on the 1st day of January 1867, and for payment in the meantime of interest thereon, at the rate of 5 *l.* per cent. per annum, on the 1st day of January and the 1st day of July in each year, at the Union Bank of London ; and by each such debenture was given to the proprietor thereof the option to have the time of the repayment of the principal sum postponed until the 1st day of January 1872, and to receive interest in the meantime at the rate of 5 *l.* per cent. per annum :

And whereas each of the said debentures composing the said sums of 20,000 *l.* and 646,700 *l.* also contained the further option to exchange the debenture for a proportionate amount of capital stock of the Company, upon which interest at the rate of 5 *l.* per cent. per annum was guaranteed by the Secretary of State in Council, on giving such notice as therein mentioned :

And whereas, debentures for 22,300 *l.*, part of the debentures issued for the said sum of 333,300 *l.* have been paid off and discharged, leaving due the sum of 311,000 *l.*, the debentures for which have been renewed pursuant to the option for that purpose given to the holders thereof :

And whereas of the debentures for 666,700 *l.*, 141,100 *l.* have been discharged, 19,000 *l.* have been converted into stock, and 506,600 *l.* have been renewed pursuant to the options for those purposes reserved to the holders thereof :

And whereas interest at the rate of 5 *l.* per cent. per annum on all the outstanding debentures for the said sums of 333,300 *l.* and 666,700 *l.* respectively, and on the said sum of 19,000 *l.* stock has been paid by the Secretary of State in Council down to the present time :

And whereas an agreement was come to between the Secretary of State in Council and the said Company on the 23rd day of October 1861, for the Secretary of State in Council to advance to the said Company out of the Treasury of the Secretary of State in Council, or of the Government at Madras, for the purposes of their said railways sums of money in excess of the balance in favour of the said Company, of the monies for the time being raised in respect of capital, but such contract has not been acted on :

And whereas the said Company requiring additional moneys for the purposes of the said new line, they in the month of May 1862 obtained the sanction of the Secretary of State in Council to their raising the further sum of 2,000,000 *l.* for such purposes by the issue of shares, and the Secretary of State in Council agreed to guarantee the payment out of the revenues of India, of interest on the sum so to be raised at the rate of 5 *l.* per cent. per annum :

And whereas the whole of the same sum of 2,000,000 *l.* has accordingly been so raised and paid into the Bank of England to the account of the Secretary of State in Council :

And whereas the said Company requiring additional moneys for the purposes of the said extension line they in the month of April 1866 obtained the sanction of the Secretary of State in Council to their raising the further sum of 1,000,000 *l.* for such purposes, by the issue of shares, and the Secretary of State in Council agreed to guarantee the payment out of the revenues of India, of interest on the sum so to be raised at the rate of 5 *l.* per cent. per annum, but it being subsequently found impracticable to raise the whole of the lastly-mentioned sum by the issue of shares, the said Company in the month of October 1866 obtained from the Secretary of State in Council his sanction to their raising the sum of 500,000 *l.*, half of the lastly-mentioned sum on loan upon debentures, and the Secretary of State in Council agreed to guarantee the payment of the principal moneys secured by the debentures, and of the interest thereon in manner hereinafter mentioned :

And whereas the whole of the said sum of 500,000 *l.* so raisable on debentures has been raised and such sum has been paid into the Bank of England to the account of the Secretary of State in Council :

And whereas each debenture so issued was in a form approved of by the Secretary of State in Council, and contained an obligation on the part of the said Company for payment of the principal sum named in the debenture on the 1st day of January 1872, and for payment in the meantime of interest thereon at the rate of 5 *l.* per cent. per annum on the 1st day of July and the 1st day of January in each year at the Union Bank of London, and by each debenture was given to the proprietor thereof the option to have the time of the repayment of the principal sum postponed until the 1st day of January 1877, and to receive interest in the meantime at the rate of 5 *l.* per cent. per annum, and also to the further option to exchange the debenture for a proportionate amount of capital stock of the Company, upon which interest at the rate of 5 *l.* per cent. per annum was guaranteed by the Secretary of State in Council, on giving such notice as therein mentioned :

And whereas the whole of the sum of 500,000 *l.*, the residue of the said sum of 1,000,000 *l.*, so as aforesaid authorised to be raised in the month of April 1866, has not yet been raised :

And whereas the covenants hereinafter contained on the part of the Secretary of State in Council are entered into with the concurrence of a majority of votes at a meeting of the Council :

NOW THIS INDENTURE WITNESSETH, that in pursuance of the said agreement, and in consideration of the premises, the said Company do hereby for themselves and their successors (so far as the covenants and agreements hereinafter contained are to be observed and performed by them) covenant with the Secretary of State in Council, and the Secretary of State in Council doth hereby (so far as the covenants and agreements hereinafter contained are to be observed and performed by the Secretary of State in Council for the time being) covenant with the said Company and their successors in manner following (that is to say) :—

1. That in addition to the interest payable under the said Indenture of the 13th day of August 1858, on the said sum of 1,000,000 *l.* thereby authorised to be raised for the purposes of the same Indenture, there shall from time to time, during the residue for the time being of the said determinable term of 99 years created by the same Indenture, be paid out of the revenues of India to the said Company in London, half-yearly by equal payments on the 30th day of June and the 31st day of December in every year, interest at the rate of 5 *l.* per cent. per annum on the said capital sum of 2,000,000 *l.*, so raised and paid into the Bank of England to the account of the Secretary of State in Council as aforesaid, such interest being considered as running in the first instance from the day on which the same capital sum shall have been so paid.

2. That the Secretary of State in Council shall, and will, as often as, and when the interest at the rate of 5 *l.* per cent. per annum shall become due in respect of such of the debentures for 333,300 *l.* representing part of the said sum of 1,000,000 *l.*, so as aforesaid raised under the authority for that purpose given in the month of December 1861, as have been so as aforesaid renewed, pay out of the revenues of India into the Union Bank of London, or some other bank to be hereafter agreed upon, to an account to be called "The Madras Railway Debenture Account," the aggregate amount of such interest as a fund to meet
and

and provide for the payment of such interest, and shall, and will, on the 1st day of January 1871, being the day mentioned in the said renewed debentures for the payment of the principal sums thereby secured, pay out of the revenues of India to the same account the amount of the principal sums payable on the said renewed debentures, as a fund to meet and provide for the payment of the said lastly-mentioned principal sums, and the moneys to be paid to the said account under the terms of this clause, shall be applied to the payment of such interest and principal accordingly. And the Secretary of State in Council shall, and will as often as, and when the interest at the rate of 5*l.* per cent. per annum shall become due in respect of such of the debentures for 20,000*l.* and 646,700*l.*, making together 666,700*l.*, representing the residue of the said sum of 1,000,000*l.*, so as aforesaid raised under the authority for that purpose given in the month of December 1861, as have been renewed, and as shall not have been exchanged for stock, pay out of the revenues of India to the said account called "The Madras Railway Debenture Account," the aggregate amount of such interest, and shall and will, on the 1st day of January 1871, as to those of the same renewed debentures which contain that date for the payment of the principal sums thereby secured, and on the 1st day of January 1872 as to those of the same renewed debentures which contain the last-mentioned date for the payment of the principal sums thereby secured, pay out of the revenues of India to the same account the amount of the principal sums payable on such of the same renewed debentures as a fund to meet and provide for the payment of the said lastly-mentioned principal sums, and the moneys to be paid to the said account under the terms of this clause, shall be applied to the payment of such interest and principal accordingly.

3. That the Secretary of State in Council shall and will as often as and when the interest at the rate of 5*l.* per cent. per annum in respect of such of the debentures representing all or any part of the said sum of 500,000*l.*, so as aforesaid raised under the authority for that purpose given in the month of October 1866, as shall not previously to the time of payment of interest have been exchanged for stock shall become due, pay out of the revenues of India into the Union Bank of London, or some other bank to be hereafter agreed upon to an account to be called "The Madras Railway Debenture Account," the aggregate amount of such interest as a fund to meet and provide for the payment of such interest, and shall and will on the 1st day of January 1872, duly pay out of the revenues of India to the same account, the amount of the principal sums payable on such of the same debentures as shall not previously to such day have been renewed so as to postpone the time of payment or have been exchanged or delivered up in order to be exchanged for stock as a fund to meet and provide for the payment of such principal sums, and shall and will on the 1st day of January 1877, being the day mentioned in the same debentures for the payment of the principal sums thereby secured in case such payment shall be postponed according to the terms of such debentures, pay out of the revenues of India to the same account, the amount of the principal sums payable on such of the same debentures as shall have been renewed as aforesaid, and shall not previously to such lastly-mentioned day, have been exchanged for stock as a fund to meet and provide for the payment of the said lastly-mentioned principal sums, and the moneys to be paid to the said account, under the terms of this clause, shall be applied to the payment of such interest and principal accordingly.

4. That the Secretary of State in Council shall and will at all times hereafter (the cost and charges being defrayed out of the revenues of India) well and sufficiently protect, save harmless, and keep indemnified the said Company, and their lands, tenements, goods, chattels, and effects whatsoever of, from, and against all actions, suits, losses, costs, charges, damages, and expenses whatsoever, which they shall or may suffer, sustain, expend, or be put unto, or which shall or may be commenced, instituted, sued, or prosecuted against them by reason or in consequence of the said debentures for 1,000,000*l.* sterling and 500,000*l.* sterling, or any of them.

5. That the Secretary of State in Council shall, during the said determinable term of 99 years created by the said Indenture of the 19th day of December 1855, pay out of the revenues of India to the said Company in London half-yearly on the 30th day of June and the 31st day of December in every year,

interest at the rate of 5 *l.* per cent. per annum on the said sum of 19,000 *l.* stock, representing the debentures which have been so as aforesaid exchanged, the first payment of such interest to be made on the 31st day of December 1867, and further that upon the proprietor of any of such of the said debentures for 666,700 *l.*, as have been renewed, or of any of the said debentures for 500,000 *l.*, prefer availing himself of the option given to him under the terms of his debenture, and exchanging such debenture for capital stock of the said Company to the same amount, the Secretary of State in Council shall during the said determinable term of 99 years created by the said Indenture of the 19th day of December 1855, pay out of the revenues of India to the said Company in London, half-yearly on the 30th day of June and the 31st day of December in every year, interest at the rate of 5 *l.* per cent. per annum on the capital sum representing the debentures, which shall have been so exchanged, such interest being considered as running in the first instance from the day on which the same debentures respectively shall have been exchanged for stock.

6. That the provisions contained in the said Indenture of the 19th day of December 1855, concerning the application of the half-yearly net receipts of the said railways in payment of the interest therein mentioned, so as to exonerate the Secretary of State in Council from the same, and concerning the application of half the surplus net profits in the repayment of any sums previously paid for interest, with simple interest on such sums, shall apply to the interest hereinbefore mentioned, to have been or agreed to be paid on the said debentures by the Secretary of State in Council as aforesaid: Provided always that the simple interest on all interest hereby mentioned to have been or agreed to be paid, whether on debenture or share capital, shall be calculated at the rate of 5 *l.* per cent. per annum.

7. That all moneys which under the covenants hereinbefore in that behalf contained, shall be paid by the Secretary of State in Council in payment of the principal moneys secured by such of the said debentures as shall not be exchanged for stock, shall be treated and considered as capital contributed by the Secretary of State in Council out of the revenues of India to the joint stock of the said Company, for the purposes of the said extension line of railway, and the Secretary of State in Council on behalf of the Government of India, shall be entitled to all the same rights, benefits, and advantages in respect of such capital, as if such debentures had been exchanged by the holders thereof for stock, and such stock had been transferred to trustees for Her Majesty on account of the Government of India. And in order to give full effect to such rights, the Secretary of State in Council shall be entitled at any time to name a person or persons into whose name or names as trustee or trustees for the purposes aforesaid, an equivalent amount of stock may be placed and registered, and thereupon such stock shall be so placed and registered accordingly.

8. That in addition to the interest payable under the said Indenture of the 19th day of December 1855 on the said sums of 500,000 *l.* and 1,000,000 *l.* respectively, in addition to the interest payable under the said arrangement in May 1856 on the said sum of 1,000,000 *l.*, and in addition to the interest payable under the said Indenture of the 13th day of March 1860 on the said sum of 1,000,000 *l.*, and in addition to the interest payable under the covenants hereinbefore contained on the sums so as aforesaid raised for the purposes of the said Indenture of the 19th day of December 1855, there shall from time to time during the residue, for the time being of the said determinable term of 99 years, created by the said lastly mentioned Indenture, be paid out of the revenues of India, or moneys applicable in aid thereof to the said Company, half-yearly, on the 30th day of June and the 31st day of December in every year, interest at the rate of 5 *l.* per cent. per annum on the further sum of 500,000 *l.*, so as aforesaid to be raised for the purposes of the lastly-mentioned Indenture, or on such part thereof as shall for the time being have been paid by the said Company as hereinafter mentioned, such interest being considered as running, in the first instance from the day on which the same sum, or such part thereof as aforesaid, shall have been paid.

9. That the said Company shall raise and pay such further sum of 500,000 *l.* into the Bank of England, to the account of the Secretary of State in Council of India, at such times and in such instalments as the Secretary of State in Council shall from time to time determine.

10. That

10. That the covenants and provisions of the said Indentures of the 19th day of December 1855 and the 13th day of August 1858, respectively, shall, so far as the same are subsisting, remain in full force, and shall, so far as the same are respectively applicable, and not inconsistent herewith, apply to payments to be made, and matters to be done in pursuance of these presents.

In witness whereof, Major General William Erskine Baker and William Urquhart Arbuthnot, Esquire, being two members of the Council of India, have hereunto set their hands and seals, and the said Railway Company have caused their common seal to be affixed the day and year first above written.

CONTRACT between the SECRETARY OF STATE in Council and the MADRAS RAILWAY COMPANY, dated 2nd January 1871.

THIS INDENTURE, made the 2nd day of January 1871, between the SECRETARY OF STATE in Council, of the one part, and the MADRAS RAILWAY COMPANY (hereinafter called "the Company"), of the other part.

WHEREAS the company were established under a deed of settlement, bearing date the 26th day of July 1852, and was, on or about the 11th day of September 1852, completely registered under the Act 7 & 8 Vict. c. 110, for the purpose of acquiring and holding lands in the East Indies and in Great Britain, and making, acquiring, and working one or more railways in India, and the company were empowered to enter into contracts with Her Majesty's Government here or in India, or with the East India Company, for the purpose of making railways, and working and leasing the same, or otherwise:

And whereas, by an indenture bearing date the 22nd day of December 1852, and made between the East India Company of the one part and the Company of the other part, after reciting that the East India Company had agreed to co-operate with the company in the construction of a railway from Madras towards the western coast of India, in the manner and upon the terms and conditions therein after mentioned; and that it was one of the terms of the said agreement that the company should pay into the treasury of the East India Company the sum of 500,000 *l.* sterling at certain times to be agreed upon, and that the sum of 2,096 *l.* 9 *s.* 3 *d.* had been expended prior to the 30th day of September 1852, by the Company for the purposes of their undertaking, in a manner approved of by the East India Company, it was by the indenture now in recital, amongst other things, agreed:

1stly. That it should be lawful for the East India Company to determine, fix upon, and select the route and direction of a line of railway to be constructed as an experimental line of railway, such selected line of railway to commence at or near to Madras, and to take a direction towards the western coast of India, and such selected line of railway of the estimated cost in the whole of 500,000 *l.* sterling, or thereabouts, should be completed by the company and opened for the conveyance of passengers and goods with all practical speed.

2ndly. That the East India Company should give notice to the company of the line so selected as aforesaid, or of any part thereof, as such part should from time to time be fixed upon; and it should be lawful for the East India Company from time to time to alter the said route or direction, or to extend or limit the same as they should think fit after such notice as aforesaid.

3rdly. That the East India Company should, after the selection of the said experimental line of railway, or of any part thereof, and from time to time, as might be necessary, provide the land which should be required for the said railway and works connected therewith, and proper stations, offices, warehouses, and other conveniences for the same, and should from time to time give to the company possession thereof; and that all land of which possession should be so given to the company which should not be permanently required for the purposes of the company should, as soon as practicable, be restored to the East India Company.

4thly. That the company should, on receiving possession of the same land,

or any part thereof, forthwith, and subject to the supervision and control thereafter prescribed, commence and proceed with diligence in the construction of the said experimental line of railway, and of all such stations, offices, warehouses, fixed machinery, and other works and conveniences as in the opinion of the East India Company (such opinion to be certified in writing) should be necessary or expedient, as well with reference to the original construction of the said railway, and the working thereof, as with reference to the permanent maintenance thereof, and its protection from injury or destruction by inundation, tempests, or other causes whatever, and such railway should be made at such gradients, and should be furnished with rails of such weight and strength, and laid down and secured in such manner, and to consist either of a single or a double line of railway as the East India Company should in writing direct, and should, if required by the East India Company, and at such time as they should in writing require, be provided with an electric telegraph constructed along all or any part of the said railway, and upon such principle (and to be under such regulations as to its use and the terms of its use) as the East India Company should in writing direct or approve of, and the company should from time to time attend to execute and perform all such directions in writing as might from time to time be given by the East India Company for any deviations from or alterations in any directions or requisitions previously made or given with respect to the premises; and the company should, so soon as the said railway should be completed, for such a distance as in the opinion of the East India Company should be desirable, open the same for the conveyance of passengers and goods.

5thly. That it should be lawful for the East India Company from time to time, by notice in writing to the company, to require any specified part or parts of the said experimental line of railway to be completed as aforesaid, and to be opened for the conveyance of passengers and goods before the remaining part thereof should be constructed.

6thly. That the company, having paid into the treasury of the East India Company in London the sum of 110,403 *l.* 10 *s.* 9 *d.* sterling, making, together with the said sum of 2,096 *l.* 9 *s.* 3 *d.*, which had been already expended as thereinbefore was mentioned, the sum of 112,500 *l.* should complete the payment of the sum of 500,000 *l.* sterling by instalments, at a rate of not less than 150,000 *l.* per annum, in such sums and payable at such periods of the year as should be assented to by the East India Company until the whole of the said sum of 500,000 *l.* sterling should have been paid up, which payments might be made in sums of not less than 25,000 *l.* each in London, provided that if the said Railway Company should receive any portions of their subscribed capital in India, it should be lawful for them to pay the amount so received in sums of not less than 50,000 rupees into the treasury at Madras, in or towards satisfaction of the instalments aforesaid; and the acknowledgment of such respective payments there should, when produced to the East India Company in London, be considered and taken in part satisfaction of the said sum of 500,000 *l.* as aforesaid, at the exchange of 1 *s.* 10 *d.* for each Company's rupee, provided that such payments into the treasury at Madras should never exceed the amounts which might from time to time be required for expenditure in India, such limit being determined upon by the East India Company.

7thly. That as often as, and when any money should be required by the Company for any purposes sanctioned by the East India Company, and in reference to the particular sums from time to time required, only so far as such purposes should have been performed to the satisfaction of the East India Company, or when any money should be required for the performance of the works sanctioned by the East India Company while the same should be in course of execution, the same might be drawn in such sums as should from time to time be necessary, by the company in London, or at Madras, from the treasury of the East India Company or the Government of India, according to such equitable arrangements as should be made from time to time with the East India Company for that purpose, but 10 days' notice of every such draft or proposed draft should be given to the said treasuries respectively, and all sums of money which should be so drawn at Madras should be set off at the exchange of 1 *s.* 10 *d.* for each Company's rupee

rupee against the said sum of 500,000*l.* sterling, or so much thereof as should have been paid into the treasury of the East India Company as aforesaid, and the Company should not in any case be entitled to draw upon the treasury in London or at Madras to an extent greater than the balance in their favour for the time being.

8thly. That when and so soon as the said experimental line of railway, or any part thereof which should have been required by the East India Company, to be completed before the construction of the other parts should be completed, and ready to be opened for the use of the public, and so, from time to time, as any such part thereof should be so completed and ready to be opened, the company should, subject to the supervision and control thereafter mentioned, provide, to the satisfaction of the East India Company, a good and sufficient working stock of engines, carriages, and other plant and machinery for working the said railway, or so much thereof as should have been completed as aforesaid, and carrying on the business and traffic of the same, and the company should forthwith commence and carry on the business of common carriers of goods and passengers upon the said railway, and for that purpose should cause to be run on the said railway so many trains at such times and at such rates of speed, and between such places, and with such conveniences and accommodations, as the East India Company should, from time to time, require, and the company should allow the use of the said railway to the public on such terms as should be approved by the East India Company, and the company should be authorised and empowered to charge such fares for the carriage of passengers and goods, and such tolls for the use of the said railway as should have been approved by the East India Company, and should not in any case charge any higher or different fares or tolls whatsoever, without such approval being first obtained; but such fares or tolls should, when such net receipts as were thereafter mentioned should in any year have exceeded 10 per cent upon the outlay, be reduced in accordance with any requisitions of the East India Company in that behalf, but only with a view of limiting the said fares and tolls so far that the net receipts should not exceed 10 per cent. as aforesaid.

9thly. That upon the completion of the whole of the said experimental line of railway the East India Company should grant to the company a lease of or otherwise secure to them, a right and title to the land which should have been provided under the provision thereinbefore contained, or of so much thereof as should be required for the completed line and for the works and conveniences thereto belonging, for a term of 99 years, commencing from the day of the date of the indenture now in recital, unless the same should be sooner determined under the provisions therein contained, and the East India Company should guarantee to the said Railway Company the quiet and undisturbed possession of such land, but should not be called upon to show any title thereto.

10thly. That the company and their officers, servants, and agents, as also their accounts and affairs, should in all things be subject to the superintendence and control of the East India Company as well in England as elsewhere, and in particular that no bye-laws, contracts, orders, directions, proceedings, works or undertakings, acts, matters, or things whatsoever, should be made, done, entered into, commenced, or prosecuted by or on the part of the company, unless previously sanctioned in writing by the East India Company, or in some other manner to be prescribed by them, and that no moneys should be raised by the company by any other means than by calls upon the shares in the same company, without the sanction of the East India Company in writing, and no extension of the number of shares in the company, or in the amount of its capital should be made unless sanctioned in like manner, and that it should be lawful for the East India Company from time to time to give to the company, their officers, servants, and agents, all such orders and directions as the said East India Company should from time to time think fit, with reference to the railway and works to which that contract related, and with reference to the manner and times of executing the same; and with reference to any contract, orders, and directions, to be entered into, made, or given, with regard thereto, and otherwise with reference to the same. All which contracts, orders, and directions

directions should be executed and followed by the company to the satisfaction of the East India Company, the costs and expenses of the same, which should have been allowed and sanctioned by the East India Company, being paid out of the said sum of 500,000*l.* sterling; and that for better enabling the East India Company to exercise the control and direction intended to be thereby secured, the company should record and keep, in proper books for that purpose, full and particular accounts of all their transactions and proceedings, including full and true minutes of all their meetings, meetings of directors, communications with India, and correspondence, so as at all times to exhibit thereby fully and truly the state of their affairs and proceedings; and that the East India Company, and any person or persons appointed by them in that behalf, should at all reasonable times have free access to all the books, accounts, papers, and documents, of the company, except communications between the company and their legal advisers, and power to make copies of, or extracts from, the same, whether such books, accounts, papers, and documents, related to the experimental railway and works therein mentioned, or to any other matters or things whatsoever in which the company should or might be interested, and for the purposes aforesaid, it should also be lawful for the East India Company from time to time to appoint any one person, not being a shareholder in the company, to be an *ex-officio* director of the said railway, which director if, and when appointed, should rank as, and be one of the board of directors of the said company, and be entitled in all things to act as such, and to exercise at his discretion a right of veto in all proceedings whatsoever at boards of the said directors (except proceedings for the purpose of communication with the legal advisers of the company), and should not be removable unless by order of the East India Company, and should, in case the whole number of directors should at the time of his appointment be filled up, come and be in the place of the director who should retire from the direction according to the decision of the board, such decision being taken by ballot; but such official director should not be entitled to any salary from the company, provided that nothing thereinbefore contained should authorise the East India Company to appoint any officer or servants of the company except such official director as aforesaid.

11thly. That all the expenses of the company should from time to time be stated and submitted to the East India Company for their sanction and approval, and as between the company and the East India Company should be allowed, so far only as the same should from time to time have been sanctioned and approved by the East India Company, provided that the last-mentioned stipulation should not interfere with any such subsidiary agreement or agreements, if any, as from time to time might be made between the company and the East India Company for the performance of any part or parts of the said railway and works, at any sum or sums of money to be specified in such subsidiary agreement or agreements, in which case the expenses in respect of the same should be allowed and taken at the sum and sums which should be so agreed on.

12thly. That a capital account relating to the construction of the said experimental line of railway should be kept in manner therein mentioned.

13thly. That at all times during the said term of 99 years the company should keep the said railway, or so much thereof as should be completed, and the works and conveniences belonging thereto, and the telegraphs on the said railway (if any) in a state of good repair, and in good working condition, to the satisfaction of the East India Company, and should keep the same fully provided with rolling stock and plant, adequate to the service thereof, to the satisfaction of the East India Company.

14thly. That a revenue account relating to the said railway should be kept in manner therein mentioned.

15thly. That the revenue of the said railway should be deposited in manner therein mentioned.

16thly. That the East India Company should from time to time, during the said determinable term of 99 years, pay to the company in London, half-yearly, on the 30th day of June, and the 31st day of December, in every year, interest at the rate of 4½ per cent. per annum on the said sum of 500,000*l.* sterling, or on such part thereof as should for the time being have

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have been paid into the treasury of the East India Company as aforesaid, including the said sum of 2,096*l.* 9*s.* 3*d.* expended as aforesaid (which should for all the purposes of the indenture now in recital be regarded as having been paid into the said treasury on the date thereof, and drawn out for the purposes of the company), such interest upon any part of the said sum of 500,000*l.* being considered, in the first instance, as running from the day on which the same part should have been so paid, or been deemed to have been so paid, into the treasury of the East India Company.

17thly. That if the expenditure of the company in making the said experimental railway and works, or otherwise in respect to the matters to be included in the said capital account, should exceed the sum of 500,000*l.*, the moneys necessary to meet such excess having been raised and paid by the company into the treasury of the East India Company, the same company should from time to time, during the then residue of the said determinable term of 99 years, pay to the company half-yearly, on the days aforesaid, interest at the rate of 4½ per cent. per annum, on the same moneys to be calculated from the respective times when they should have been so paid into the treasury of the East India Company, as aforesaid.

18thly. That if, after the selection of the said experimental line of railway, the East India Company, under the power thereinbefore reserved to them in that behalf, should, with the view of keeping the expenditure within 500,000*l.*, or for any other reason, think fit to limit the extent of the said experimental line of railway, the provisions therein contained with reference to the originally intended line of railway should apply to the said limited extent of railway in the same manner as if the same had been originally selected; provided that in case of any alteration in the selected line of railway, all expenditure which should have been incurred by the company, and which should have been sanctioned and approved by the East India Company, should be considered as properly expended, although the same might in the event be useless for the purposes of the said railway as finally adopted.

19thly. That the net receipts which should be realised during any half-year from the said railway should be applied in manner therein mentioned, first, towards discharge of the interest payable under their covenants by the East India Company in respect of such half-year, and that a moiety of the residue should be applied towards the discharge of any interest previously paid by the East India Company under their said covenants, with simple interest on such interest at the rate therein mentioned, and that the other moiety of the residue of the said net receipts should be applied for the use of the company; and that when all the interest paid by the East India Company should have been repaid with interest as aforesaid, then the company should be entitled to the entirety of the said net receipts.

20thly. That the company would at all times during the said determinable term convey on the said railway the Government mails and post-bags, and the guards and other servants of the Post Office in charge thereof, free of charge; and when they were on duty, all officers and persons in the administration of the Post Office also free of charge; and would also convey on the said railway, when they were on duty, the troops, both horse and foot, as well those of Her Majesty as those of the East India Company, and all other persons to whom the provisions of the Mutiny Acts for the time being in force for the Queen's forces, and for the East India Company's forces respectively, should be applicable, and all artisans on the business of the East India Company, the officers and persons of similar stations in life to be entitled to travel in first-class carriages at second-class fares, and the troops and European artisans in second-class carriages at the lowest fares, and all other persons at the lowest fares; and would also convey on the said railway all general stores belonging to the East India Company, and all guns, ammunition, horses, and other animals used for military purposes, and all military stores, carriages, wagons, camp equipage, and equipments whatsoever, at the lowest rate for the time being chargeable for the carriage of such animals, goods, and merchandise, the several privileges of conveyance and carriage thereby stipulated for being at all times to be used and enjoyed in preference to and priority over the public use of the said line of railway for conveyance and carriage.

21stly. That the ultimate rights of property in the said railway, at the end of the said terms of 99 years, by effluxion of time should be such as therein mentioned.

22ndly. That a surrender of the said railway by the company to the East India Company might be made at such time and upon such terms as were therein mentioned.

23rdly. That at any time within six calendar months after the expiration of 25 years from the date of the indenture now in recital, or at any time within six calendar months after the expiration of 50 years from the same date the said railway might be purchased by the East India Company upon the terms therein mentioned.

24thly. That the East India Company might enter on the said railway on such default of the company as is therein mentioned.

25thly. That the repairs of the said railway might be done by the East India Company in default of the company doing the same.

26thly. That the East India Company might pay to the company an annuity in lieu of a gross sum of money, as therein mentioned.

27thly. That if all the capital raised should not be required for the purposes of the capital account, the surplus which should have been received by the East India Company should be refunded with interest, as therein mentioned.

28thly. That any notice, direction, approval, or sanction to be given or signified on the part of the East India Company for any of the purposes of the indenture now in recital should be sufficient and binding, if signed by the secretary or deputy secretary of the East India Company in London, or by the Secretary of Government at Madras, or by any other officer or servant of the East India Company duly authorised to act on behalf of the East India Company in respect of the matters to which the same should relate, and that the East India Company should not in any case be bound in respect of the matters thereinbefore mentioned, unless by some writing signed in the manner thereinbefore mentioned.

29thly. That the company should forthwith cause to be established in Madras an office of the company, and keep the same at all times thereafter during the said term established at Madras, and the company should keep at the said office an authorised agent or agents with whom the East India Company and Government of Madras might communicate on affairs concerning the said railway; and all drafts drawn by the said agent or agents, and all receipts of, and acts done by, such agent or agents on behalf of the company, or concerning the said railway works and stocks should be binding on the company; and every notice to be given to the company should be sufficiently given, if left at the said office, or personally served on such agent or agents.

30thly. That the East India Company and the said Madras Railway Company should promote the passing by Parliament, and the Governor General of India in Council, of any Act or Acts which should be necessary or convenient for enabling the company to fulfil the objects of their undertaking according to the terms and provisions of the indenture now in recital and for ratifying and confirming the powers and authorities thereby given to the East India Company, or expressed, or intended to be vested in them :

And whereas by an Act of Parliament made and passed in the Session of the 16th year of the reign of Her present Majesty, intituled, "An Act for incorporating the Madras Railway Company, and for other purposes connected therewith;" the company were incorporated for the purposes of making and constructing, working and maintaining such railway or railways in the East Indies, including all such necessary, accessory, or convenient extensions, branches, stocks, and works, as had already been agreed upon, or might thereafter be agreed upon, between the company and the East India Company, and also of doing and performing all such matters and things necessary or convenient for carrying into effect the objects and purposes aforesaid as might have already been agreed upon, or might thereafter be agreed upon by the Company and the

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East India Company ; and it was thereby enacted that all contracts, covenants, agreements, and engagements, which at the time of passing the said Act should have been entered into between the East India Company and the Company, and especially the hereinbefore recited indenture of the 22nd day of December 1852, should be and continue as valid and effectual to all intents and purposes whatsoever, as if the company had been incorporated at the respective times when the same were entered into, and the company were by the said Act empowered to enter into and conclude with the East India Company on account of the Government of India such contracts, agreements, and arrangements, as the respective parties might think fit and agree upon for making any railway and railways in India, and any telegraphs connected therewith, and for maintaining and working the same, including all or any of the provisions therein mentioned or referred to, and also to vary and alter such contracts, agreements, and arrangements, and to enter into new or other contracts, agreements, and arrangements in relation to the premises :

And whereas by an Act of Parliament made and passed in the Session of the 17th year of the reign of Her present Majesty, intituled, "An Act to amend an Act for incorporating the Madras Railway Company, and for other purposes connected therewith," the company were empowered to enter into and conclude with the East India Company on account of the Government of India such contracts, agreements, or arrangements, as the respective parties might think fit and agree upon for the extension of the said experimental line of railway to the Western Coast of India, and for the branch line to Bangalore and the foot of the hills towards Ootacamund respectively, either in one or more sections respectively, and for any other or others of the purposes contemplated by the hereinbefore recited Act, and to vary and alter such contracts, agreements, and arrangements, and the company were thereby empowered to increase in manner therein mentioned the capital of the company by such an amount as might be deemed necessary for carrying into effect the proposed or any future contract or contracts of the company with the East India Company :

And whereas by an Act of Parliament made and passed in the Session of the 18th year of Her present Majesty, intituled, "An Act to enable the Madras Railway Company to issue and register shares and securities in India, and for other purposes in relation to such company;" it was, amongst other things, enacted that subject to any agreement or arrangement that might thereafter be made to the contrary, the whole of the interest payable and thereinbefore paid by the East India Company upon the whole capital of the company should be from time to time charged upon and payable out of the net profits of the company, or upon or out of such portion thereof as should be agreed upon by the East India Company, and the company to be charged with the payment thereof respectively, or any part thereof respectively, and that the residue of the said profits should be applied for the rateable benefit of all the shareholders entitled to dividend, and divided accordingly :

And whereas by an indenture bearing date the 19th day of December 1855, and made between the East India Company of the one part and the Company of the other part. After reciting that 25,000 shares of 20 l. each in the capital of the company were created and issued, and that the whole amount due on such shares has been called up, and that a sum amounting to 499,935 l. had been paid into the treasury of the East India Company, in pursuance of the hereinbefore recited indenture of the 22nd day of December 1852, and that a line of railway had been selected by the East India Company to form the said experimental line, and that such line was nearly completed; and that in the month of July 1853, proposals were made by the East India Company, and entertained by the company, for the extension of the said experimental line to the Western Coast of India, at an estimated cost of 4,000,000 l. sterling in the whole, including the said experimental section, the said experimental section and extension to the Western Coast being hereinafter designated the South West Line, and upon terms corresponding with the terms of the thereinbefore recited indenture of the 22nd day of December 1852, except as thereinafter mentioned, and that with a view to the carrying of such proposed contract into effect, the directors of the company issued proposals for raising a further capital of 500,000 l. sterling to be called First Extension Capital, of the Madras Railway Company, in 25,000 shares of 20 l. each, and the whole of such further capital was subscribed for, and that the subscribers had paid thereon a deposit of 2 l. per share; and

reciting that it was not then found practicable to issue any further shares, but it was determined to create new capital and issue new shares so soon as in the judgment of the company it should be possible so to do, and in the meantime it was arranged to proceed with the said extension line so far as the means of the company might extend, and the East India Company agreed to extend the interest to be guaranteed by them on the said sum of 500,000 *l.* extension stock to 5 *l.* per cent., and that the company had paid into the treasury of the East India Company the sum of 374,913 *l.* on account of such extension capital; and reciting that the East India Company proposed to the company to create or issue a further capital of 1,000,000 *l.* sterling in 50,000 shares of 20 *l.* each, on which interest at the rate of 4 *l.* 15 *s.* per cent. should be guaranteed by the East India Company, and accordingly a further capital of 1,000,000 *l.* sterling, in shares of 20 *l.* each, was created by the company on the 9th day of August 1855, under the title of the Second Extension Capital, and reciting that nearly the whole of the said shares had been issued, and 5 *l.* per share had been called up thereon, and that 373,190 *l.* had been paid into the treasury of the East India Company on account of such second extension capital. It was by the indenture now in recital agreed that the company should construct an extension line of railway, to commence at some point in the said experimental line, and to proceed to the western coast of India, with a branch to Bangalore and the foot of the hills towards Ootacamund, at an estimated cost of 4,000,000 *l.*, and that the land required for the same railway should be provided by the East India Company, and that the company should pay into the treasury of the East India Company the sum of 3,251,897 *l.*, making together, with the sum of 748,103 *l.* which had already been paid, the sum of 4,000,000 *l.*, to be from time to time drawn out for the purposes of the said works; and that the land to be provided as aforesaid for the said experimental and extension railways should, on the completion thereof, be leased to the company by the East India Company for the term of 99 years from the date of the indenture now in recital, and that the East India Company should pay interest on the said first extension capital of 500,000 *l.* at 5 *l.* per cent. per annum, and on the said second extension capital of 1,000,000 *l.* at the rate of 4 *l.* 15 *s.* per cent. per annum, and on any further capital to be created for completing the said extension railway such a rate of interest as might be mutually agreed on. And by the Indenture now in recital covenants and agreements were entered into for the application of the net receipts of the company on account of the said railway, and for the surrender by the company of and for the purchase by the East India Company of the said south-west line of railway, and otherwise similar *mutatis mutandis* to the provisions contained in the hereinbefore recited Indenture of the 22nd day of December 1852 concerning the application of the net receipts of the company on account of the said experimental line, and concerning the surrender and purchase of the same line, and otherwise relating thereto, the sum to be paid by the East India Company for the purchase of the said south-west line of railway being determined according to the mean market value in London of all the shares and capital stock in the company issued for the purposes of the said Indenture of the 22nd day of December 1852 and the Indenture now in recital during the three years immediately preceding the expiration of the period of 25 years or 50 years (as the case might be) from the date of the Indenture now in recital, and certain of the provisions of the Indenture now in recital being made to apply to the said experimental line, it was by the indenture now in recital provided that such of the covenants, terms, and provisions of the said indenture of the 22nd day of December 1852 as were inconsistent with any of the terms and provisions of the indenture now in recital, or as related to objects which were provided for by the indenture now in recital, were and should be deemed to be superseded by the indenture now in recital, and in other respects the covenants, terms, and provisions of the said indenture of the 22nd day of December 1852, so far as they were then necessary or capable of taking effect, should be and remain in full force as if the indenture now in recital had not been made:

And whereas by an indenture, bearing date the 13th day of August 1858, and made between the East India Company of the one part, and the Company of the other part, after reciting that in or about the month of March 1856 the company created and issued for the purposes of the said south-west line a further capital of 1,000,000 *l.* sterling, under the title of Third Extension Capital, on which the East India Company agreed to guarantee interest at the rate of 5 *l.* per

per cent. per annum, and that in or about the month of June 1856 the company agreed with the East India Company for the construction of a new line of railway from or near Madras by Cuddapah to a junction with an intended line of railway from Bombay at or near Bellary, such new line being hereinafter called the North-west line, and that on the 31st day of July 1856 the company created and issued for the purposes of the said North-west Line a further capital of 1,000,000*l.*, under the title of the 4th Extension Capital, on which the East India Company agreed to guarantee interest at the rate of 5*l.* per cent. per annum, and that it was intended that the capital account and the revenue account of the said North-west Line should be kept entirely distinct and separate from the capital account and the revenue account of the said South-west Line, and that the said intended new line of railway should be constructed and maintained as a separate and distinct line of railway, and be subject, as respected the capital and revenue thereof, and the payment of interest on capital, and the provisions for the surrender and purchase of the same line, and all other the terms and provisions affecting the same line, to the provisions of the Indenture now in recital, and independently of the hereinbefore recited Indentures of the 22nd day of December 1852 and the 19th day of December 1855, and that such indentures respectively and the said South-west Line should not be affected by any of the provisions thereafter contained. It was by the Indenture now in recital agreed that the company should construct a line of railway to commence at or near Madras, and to proceed in a north westerly direction to or near Bellary, at an estimated cost to be approved by the East India Company, and that the land required for the same railway should be provided by the East India Company, and that the company should pay into the treasury of the East India Company in London to a separate account to be called "The Bellary Railway Account," the sum of 578,460*l.*, making together with the sum of 421,540*l.*, which had already been paid, the sum of 1,000,000*l.*, to be from time to time drawn out for the purposes of the said new line of railway, and that the land to be provided as aforesaid for the same railway should, on the completion thereof, be leased to the company by the East India Company for the term of 99 years from the date of the Indenture now in recital, and that a capital account relating to the said new railway, such account to be called "The Bellary Capital Account of the Madras Railway Company," should be kept by the company, and that revenue accounts in respect of the same line should also be kept by the company, such accounts to be called "The Bellary Revenue Accounts of the Madras Railway Company," and that all the earnings received on account of the same railway should be paid into the treasury of the East India Company, to an account to be kept separately, and to be called "The Bellary Revenue Account of the Madras Railway Company," and that the East India Company should pay interest at the rate of 5*l.* per cent. per annum on the said fourth extension capital of 1,000,000*l.* sterling, or on such part thereof as should for the time being have been paid into the treasury of the East India Company as aforesaid, and on any further capital to be created for completing the said new railway, such a rate of interest as might be agreed on. And by the Indenture now in recital, covenants and agreements were entered into for the application of the net receipts of the Company on account of the said new railway, and for the surrender by the Company of and for the purchase by the East India Company of the said new line, and otherwise similar *mutatis mutandis* to the provisions contained in the hereinbefore recited Indenture of the 22nd day of December 1852, concerning the application of the net receipts of the company on account of the said experimental line, and concerning the surrender and purchase of the same line, and otherwise relating thereto; the sum to be paid by the East India Company for the purchase of the said new railway being determined according to the mean market value in London of all shares and capital stock in the Company issued for the purposes of the Indenture now in recital during the three years immediately preceding the expiration of the period of 25 years or 50 years (as the case might be), from the date of the Indenture now in recital. And it was by the Indenture now in recital provided that the railway, which was the subject of the same Indenture, should be in all respects a separate and distinct railway from the said experimental and extension railways which were the subject of the said Indentures of the 22nd day of December 1852, and the 19th day of December 1855. And it was also provided that in order that the clauses and provisions thereinbefore contained might apply according to the intention of the Indenture now in recital, all capital moneys paid into the treasury of the East

India Company under the Indenture now in recital should be kept to a separate account, called "The Bellary Railway Account," and that an account should be kept by the company of all the shares, or stock, or debentures, created or issued by the company to raise moneys for the purposes of the railway which was the subject of the Indenture now in recital, so that the same might be capable of being distinguished from other shares, stock, or debentures of the company. And all the profits arising from the railway which was the subject of the Indenture now in recital, should be kept distinct from the other profits of the company, and the stations and other works and conveniences of the railway which was the subject of the Indenture now in recital, and the engines, carriages, and other plant and machinery provided for working the same should be kept distinct from the stations, works, conveniences, engines, carriages, plant, and machinery provided for the said experimental and extension lines, and conformably with the provisions thereinbefore contained the accounts of the said railways respectively, should, in all respects be kept separate and distinct, and the provisions of the said Indentures of the 22nd day of December 1852, and the 19th day of December 1855, should be construed and effect be given to the same as if the railway which was the subject of the Indenture now in recital had not been made, and the capital raised for making the same had not been so raised. And it was also provided that nothing therein contained should in any way alter or affect the division or distribution of the profits accruing to the company from the said several railways respectively, as between any different classes of shareholders in the company or otherwise:

And, whereas, by the Act for the better Government of India, 21 & 22 Vict. c. 106, the territories of the East India Company and their rights in relation thereto, became vested in Her Majesty, and those rights are now exercised in Her name by the Secretary of State in Council of India, and by that Act all acts and provisions then in force under charter, or otherwise concerning India were subject to the provisions of that Act to continue in force and be construed as referring to the Secretary of State in Council in the place of the East India Company. And it was by that Act enacted that all contracts, covenants liabilities, and engagements of the East India Company, made, incurred, or entered into before the commencement of that Act, might be enforced by and against the Secretary of State in Council in like manner and in the same courts as they might have been by and against the East India Company if that Act had not been passed:

And, whereas, additional moneys being required for the purposes of the said extension line, the company, in the month of June 1859, obtained the sanction of the Secretary of State in Council to raise for such purposes the further sum of 1,000,000*l.* on loan upon debentures convertible into stock, and bearing interest at the rate of 5*l.* per cent. per annum, the principal moneys and interest being guaranteed and payable by the Secretary of State in Council out of the revenues of India, under the provisions of an Indenture, bearing date the 13th day of March 1860, and made between the Secretary of State in Council of the one part, and the company of the other part, and the whole of the last-mentioned sum was accordingly so raised; and it was by the last-mentioned Indenture provided that the provision contained in the said Indenture of the 19th day of December 1855, concerning the application of the half-yearly net receipts of the said railway in payment of the interest therein mentioned, so as to exonerate the East India Company from the same, and concerning the application of half of the surplus of such net receipts, in the repayment of any sums previously paid for interest, with simple interest on such sums, at the rate of 4*l.* 10*s.* per cent. per annum should apply to the interest thereinbefore agreed to be paid by the Secretary of State in Council as aforesaid:

And, whereas, by an Indenture bearing date the 28th day of October 1867, and made between the Secretary of State in Council, of the one part, and the Company of the other part; after reciting that additional moneys being required for the purposes of the said extension line the company, in the month of December 1860, obtained the sanction of the Secretary of State in Council to raise for such purposes the further sum of 1,000,000*l.* on loan upon debentures not convertible into stock, and bearing interest at the rate of 5*l.* per cent. per annum; and reciting that in the month of December 1861 the company obtained the further sanction of the Secretary of State in Council to raise the last-mentioned sum of 1,000,000*l.* as to 333,300*l.* part thereof upon debentures not convertible into stock, and as to 666,700*l.* the remainder thereof upon debentures convertible into stock

stock and renewable; and reciting that the whole of the last-mentioned sum of 1,000,000*l.* so raisable upon debentures was raised, and that such sum was paid into the Bank of England to the account of the Secretary of State in Council; and reciting that all the debentures for the last-mentioned sum were in a form approved of by the Secretary of State in Council, and that each of the debentures for 333,300*l.* contained an obligation on the part of the company for payment of the principal sum named in the debenture on the 1st day of January 1866, and for payment in the meantime of interest thereon, at the rate of 5*l.* per cent. per annum on the 1st day of January and the 1st day of July in each year, and that by each such debenture was given to the proprietor thereof the option to have the time of repayment of the principal sum postponed until the 1st day of January 1871, and to receive interest in the meantime at the rate of 5*l.* per cent. per annum; and reciting that the debentures for the said sum of 666,700*l.* were issued in two series, one for the sum of 20,000*l.*, and the other for the sum of 646,700*l.*, and that each of the debentures composing the said sum of 20,000*l.* contained an obligation on the part of the company for payment of the principal sum named in the debenture on the 1st day of January 1866, and for payment in the meantime of interest thereon at the rate of 5*l.* per cent. per annum on the 1st day of January, and the 1st day of July in each year, and by each such debenture was given to the proprietor thereof the option to have the time of the repayment of the principal sum postponed until the 1st day of January 1871, and to receive interest in the meantime at the rate of 5*l.* per cent. per annum; and reciting that each of the debentures composing the said sum of 646,700*l.* contained an obligation, on the part of the company, for payment of the principal sum named in the debenture on the 1st day of January 1867, and for payment in the meantime of interest thereon at the rate of 5*l.* per cent. per annum on the 1st day of January and the 1st day of July in each year, and by each such debenture was given to the proprietor thereof the option to have the time of the repayment of the principal sum postponed until the 1st day of January 1872, and to receive interest in the meantime, at the rate of 5*l.* per cent. per annum; and reciting that each of the said debentures composing the said sums of 20,000*l.* and 646,700*l.* also contained the further option to exchange the debentures for a proportionate amount of capital stock of the company upon which interest, at the rate of 5*l.* per cent. per annum was guaranteed by the Secretary of State in Council on giving such notice as therein mentioned; and reciting that debentures for 22,300*l.* part of the debentures issued for the said sum of 333,300*l.* had been paid off and discharged, leaving the sum of 311,000*l.*, the debentures for which had been renewed pursuant to the option for that purpose given to the holders thereof; and reciting that of the debentures for 666,700*l.*; 141,100*l.* had been discharged, 19,000*l.* had been converted into stock, and 506,600*l.* had been renewed pursuant to the option for those purposes reserved to the holders thereof; and reciting that interest, at the rate of 5*l.* per cent. per annum, on all outstanding debentures for the said sums of 333,300*l.* and 666,700*l.* respectively, and on the said sum of 19,000*l.* stock had been paid by the Secretary of State in Council down to that time; and reciting that an agreement had been come to between the Secretary of State in Council, and the company on the 23rd day of October 1861 for the Secretary of State in Council to advance to the company out of the treasury of the Secretary of State in Council, or of the Government at Madras for the purposes of their said railways, sums of money in excess of the balance in favour of the company of the moneys for the time being raised in respect of capital, but that such contract had not been acted on; and reciting that the company requiring additional moneys for the purposes of the said new line, they, in the month of May 1862 obtained the sanction of the Secretary of State in Council to their raising the further sum of 2,000,000*l.* for such purposes by the issue of shares, and the Secretary of State in Council agreed to guarantee the payment out of the revenues of India of interest on the sum so to be raised, at the rate of 5*l.* per cent. per annum; and reciting that the whole of the same sum of 2,000,000*l.* had accordingly been so raised and paid into the Bank of England to the account of the Secretary of State in Council; and reciting that the company requiring additional moneys for the purposes of the said extension line, they in the month of April 1866, obtained the sanction of the Secretary of State in Council, to their raising the further sum of 1,000,000*l.* for such purposes, by the issue of shares, and

that the Secretary of State in Council had agreed to guarantee the payment out of the revenues of India, of interest on the sum so to be raised at the rate of 5 *l.* per cent. per annum, but that it being subsequently found impracticable to raise the whole of the last-mentioned sum by the issue of shares, the company in the month of October 1866, obtained from the Secretary of State in Council his sanction to their raising the sum of 500,000 *l.*, half of the said last-mentioned sum on loan upon debentures, and that the Secretary of State in Council agreed to guarantee the payment of the principal moneys secured by the debentures, and of the interest thereon, in manner hereinafter mentioned; and reciting that the whole of the said sum of 500,000 *l.* so raisable on debentures, had been raised, and that such sum had been paid into the Bank of England to the account of the Secretary of State in Council; and reciting that each debenture so issued, was in a form approved of by the Secretary of State in Council, and contained an obligation on the part of the company for payment of the principal money named in the debenture on the 1st day of January 1872, and for payment in the meantime of interest thereon at the rate of 5 *l.* per cent. per annum on the 1st day of July, and the 1st day of January in each year, and that by each debenture was given to the proprietor thereof, the option to have the time of the repayment of the principal sum postponed until the 1st day of January 1877, and to receive interest in the meantime at the rate of 5 *l.* per cent. per annum, and also the further option to exchange the debenture for a proportionate amount of capital stock of the company, upon which interest at the rate of 5 *l.* per cent. per annum was guaranteed by the Secretary of State in Council, on giving such notice as therein mentioned. And reciting that the whole of the sum of 500,000 *l.* the residue of the said sum of 1,000,000 *l.*, so as aforesaid authorised to be raised in the month of April 1866, had not yet been raised. It is by the indenture now in recital witnessed that the Secretary of State in Council did covenant to pay to the company interest at the rate of 5 *l.* per cent. per annum on the said sum of 2,000,000 *l.* so raised as aforesaid for the purposes of the said new line, and also to pay the interest payable in respect of such of the debentures for the said sum of 333,300 *l.* as had been renewed. And also to pay the principal on the same debentures, and also to pay the interest payable in respect of such of the said debentures for the said sums of 20,000 *l.* and 646,700 *l.* as had not been renewed, and as should not have been exchanged for stock, and also to pay the principal on the same debentures respectively, and also to pay the interest payable in respect of such of the debentures for the said sum of 500,000 *l.* as had not been renewed, and as should not have been exchanged for stock, and also to pay the principal on the same debentures respectively, and also to pay interest at the rate of 5 *l.* per cent. per annum on the said sum of 19,000 *l.* stock, and also on any stock for which any of the said debentures for 666,700 *l.* and 500,000 *l.*, might have been exchanged, and also to pay interest at the rate of 5 *l.* per cent. per annum on the said sum of 500,000 *l.*, which had, so as aforesaid, been authorised to be, but had not then been raised. And it was by the indenture now in recital, provided that the provisions contained in the said indenture of the 19th day of December 1855, concerning the application of the half-yearly net receipts of the said railways, in payment of the interest therein mentioned, so as to exonerate the Secretary of State in Council from the same, and concerning the application of half the surplus net profits in the repayment of any sums previously paid for interest, with simple interest on such sums, should apply to the interest thereinbefore mentioned, to have been or agreed to be paid on the said debentures by the Secretary of State in Council, as aforesaid: Provided that the simple interest on all interest thereby mentioned to have been, or agreed to be paid, whether on debenture or share capital, should be calculated at the rate of 5 *l.* per cent. per annum:

And whereas the total capital which has been authorised to be raised for the purposes of the said South-west Line, and has been subscribed for, now amounts in the aggregate to the sum of 6,068,900 *l.*, consisting of the particulars set out in the 1st schedule hereto, and upon that sum interest at the various rates per cent. per annum specified in the same schedule, has been guaranteed by the Secretary of State in Council:

And whereas the total capital which has been authorised to be raised for the purposes of the said North-west line, and has been subscribed for, now amounts in the aggregate to the sum of 3,750,000 *l.*, consisting of the particulars set forth

forth in the 2nd schedule hereto, and upon that sum, interest at the rate of 5 l. per cent. per annum has been guaranteed by the Secretary of State in Council :

And whereas the whole capital of the company at the present time consists of the sums aforesaid, and amounts to the sum of 9,818,900 l. :

And whereas the East India Company and the Secretary of State in Council respectively have provided the land required for the said railways respectively, in pursuance of the said agreements in that behalf, and the said south-west line of railway has, with the exception of the Nilghiri branch which is not yet finished, been for some time opened throughout for traffic :

And whereas the whole of the north-west line has at different times been opened for passenger traffic, but the whole has not as yet been opened for goods traffic, and is not yet completed :

And whereas before any section of either of the said lines was opened, it was agreed between the East India Company and the company, that each section should be maintained in working condition for two years, from the opening thereof out of capital, and accordingly each section which was opened previously to the 1st day of August 1869 was so maintained, and each section which has been opened on or since that date has been so maintained down to the present time, and it is intended that each such section so opened, on or since that date, shall continue to be so maintained in like manner out of capital until the expiration of two years from the opening of each such section respectively :

And whereas no leases have been granted of any of the said railways or premises by the hereinbefore recited indentures respectively agreed to be leased :

And whereas it has been agreed that the several undertakings of the company shall, as from and after the 1st day of July 1870, be consolidated into one undertaking with one and the same capital and revenue account, and upon the terms, and subject to the conditions hereinafter mentioned or referred to, and in pursuance of such agreement, and in anticipation of the completion of these presents, the said undertakings have been treated as consolidated, and their accounts have been kept as one and the same account from the 1st July 1870 :

And whereas at a special general meeting of the company held at the London Tavern, Bishopsgate-street in the City of London, on Friday the 24th day of June 1870, the following resolution was passed (that is to say) :—

Resolved.—“That the Board of Directors be and they are hereby authorised to make such arrangements as they may think fit with the Secretary of State for India in Council, for the modification of the existing contracts with the Secretary of State for India, and for the amalgamation of the contracts so modified as they may think fit, so as to carry out the objects set forth in their report to the meeting held this day, and to cause the seal of the company to be affixed to all deeds and instruments necessary for the purpose :”

And whereas the covenants hereinafter entered into on the part of the Secretary of State in Council are entered into with the concurrence of a majority of votes at a meeting of the Council of India :

NOW THIS INDENTURE WITNESSETH that in consideration of the premises the company do hereby, for themselves and their successors (so far as the covenants and agreements hereinafter contained are to be observed and performed by them), covenant with the Secretary of State in Council, and the Secretary of State in Council doth hereby for himself (so far as the covenants and agreements hereinafter contained are to be observed and performed by the Secretary of State in Council) covenant with the company and their successors in manner following (that is to say) :—

1. That as from and after the 1st day of July 1870 the said several undertakings of the company shall be and they are hereby consolidated into one undertaking, upon the terms and subject to the provisions hereinafter contained or referred to.

The several undertakings to be consolidated.

2. That the 9th clause of the said Indenture of the 22nd day of December 1852, so far as the same is in force, and the corresponding clause in each of the said Indentures of the 19th day of December 1855, and the 13th day of August 1858 shall as from and after the said 1st day of July 1870 be rescinded and have no effect, and that in lieu of the said several clauses so rescinded the following

Lease to be granted for altered term.

clauses shall thenceforth have effect, viz.; "That the Secretary of State in Council will from time to time, when required so to do by the company, grant to the company a lease, or leases of, or otherwise secure to them a right and title to so much of the land which has been or shall be provided under the provisions of the said Indentures, or any of them as is or shall be required for the said railways, and for the works and conveniences thereto respectively belonging, or for such parts of the said railways, works and conveniences as are, or shall be completed for a term of 99 years from the 1st day of April 1857, unless the same shall be sooner determined under the provisions herein contained, and the Secretary of State in Council shall guarantee to the company the quiet and undisturbed possession of such land, but shall not be called upon to show any title thereto."

Capital account.

3. That the 12th clause of the said Indenture of the 22nd day of December 1852, so far as the same is in force, and the corresponding clause in each of the said Indentures of the 19th day of December 1855, and the 13th day of August 1858 shall, as from and after the said 1st day of July 1870, be rescinded and have no effect, and that in lieu of the said several clauses so rescinded as last aforesaid, the following clause shall thenceforth have effect, viz., "That a capital account relating to all the said railways, and the works, conveniences, and telegraphs thereto belonging, and relating to the original cost of the engines, carriages, and the plant and machinery provided for the purposes of all the said railways (such capital account to be called 'The Capital Account of the Madras Railway Company') shall be kept by the Company, to which account all moneys paid by the company, the expenditure of which has or shall have received the sanction and approval of the Secretary of State in Council, shall, from time to time be carried, and when and so soon as all the said railways and works shall have been completed and finished with the necessary rolling stock and plant (or at any earlier time or times, if the Secretary of State in Council shall require the same) the said capital account shall be made up, and a statement shall be furnished to the Secretary of State in Council of the aggregate amount of capital which, according to such account, shall have been expended, and that such amount shall by examination of such account, be ascertained and certified by the Secretary of State in Council, and the cost of maintaining all the said railways with their machinery and stock in good working condition, shall (except so far as under the agreement hereinbefore referred to, any section shall have to be maintained in working condition for two years from the opening thereof out of capital) at all times be payable by the Company out of the revenue of all the said consolidated undertakings, including any interest to be received from the Secretary of State in Council, as in the said Indentures mentioned; but upon any additions, alterations, or improvements such as shall be properly chargeable to the capital account, being at any time made with the sanction and approval of the Secretary of State in Council to, of, or in the said railways, or any of them, or the works, conveniences, telegraphs, engines, carriages, plant or machinery belonging to the said railways, or to any of them, the cost necessarily incurred in executing such additions, alterations, or improvements shall be added to the said capital account, and the said capital account shall, from time to time, be made up and stated afresh as occasion shall require, and be ascertained and certified accordingly."

Revenue account.

4. That the 14th clause of the said Indenture of the 22nd day of December 1852 so far as the same is in force, and the corresponding clause in each of the said Indentures of the 19th day of December 1855 and the 13th day of August 1858 shall, as from and after the said 1st day of July 1870, be rescinded and have no effect, and that in lieu of the several clauses so rescinded as last aforesaid, the following clause shall thenceforth have effect, viz., "That the said Railway Company shall, in such forms and under such heads or divisions as shall be prescribed by the Secretary of State in Council, keep accounts of all receipts and payments whatever in respect of the said railways (except such receipts and payments as shall properly belong to the capital account hereinbefore agreed to be kept), and such accounts shall be called 'The Revenue Accounts of the Madras Railway Company,' and shall be made up half-yearly to the 30th day of June and the 31st day of December in every year, or to such other day in the year as the Secretary of State in Council shall appoint, and shall be regularly transmitted to the Secretary of State in Council, who shall be at liberty at

at all times in auditing the same accounts, to make any corrections therein which may be necessary."

5. That the 15th clause of the said Indenture of the 22nd day of December 1852 so far as the same is in force, and the corresponding clause in each of the said Indentures of the 19th day of December 1855 and the 13th day of August 1858 shall, as from and after the said 1st day of July 1870, be rescinded and have no effect, and that in lieu of the several clauses so rescinded as last aforesaid, the following clause shall thenceforth have effect, viz., "That all the earnings of all the said railways received by or on account of the company in India, shall be paid at such times and in such manner as the Secretary of State in Council shall direct, without any deduction under any pretence whatever, into the treasury of the Government of India at Madras to an account to be kept separately, and to be called, 'The Revenue Account of the Madras Railway Company;' and when any money shall be required by the company for any purposes in connection with the said railways, or any of them, sanctioned by the Secretary of State in Council, such money may be drawn by the company according to such arrangements as shall, from time to time, be made with the Secretary of State in Council for that purpose."

Deposit of revenue
and drafts thereon.

6. That the 19th clause of the said Indenture of the 22nd day of December 1852, so far as the same is in force, and the corresponding clause as to the application of net receipts in each of the said Indentures of the 19th day of December 1855, and the 13th day of August 1858, shall, as from the said 1st day of July 1870, be rescinded, and have no effect, and that in lieu of the said several clauses so rescinded as last aforesaid, the following clause shall thenceforth have effect, viz., "That the whole net receipts which shall be realised during any half-year on every line of railway belonging to the company, meaning thereby the net receipts which shall arise after deducting from the gross receipts all sums which shall have been expended in the repair and maintenance of the said railways and works, and the repair and restoration of the rolling stock and plant, and the management and conduct of the company and its affairs, and which shall have been allowed or sanctioned by the Secretary of State in Council, and also deducting such sum (if any) as with the consent of the Secretary of State in Council may be appropriated and set apart for any purpose whatsoever, and for the current expenses of working the railways or any of them (the money to be so appropriated and set apart as a reserve fund, or any part thereof being invested and accumulated or otherwise dealt with till required for application in any manner the company may think fit subject to the sanction and approval of the Secretary of State in Council) shall, subject to the next following proviso belong to the Secretary of State in Council as part of the revenues of India: Provided always that in case in any half-year such net receipts after making such deductions as aforesaid, shall exceed the aggregate amount of interest payable for such half-year by the Secretary of State in Council under the contracts for the time subsisting guaranteeing the payment of interest then and in every such case, and for this purpose the exchange shall be fixed at 1s. 10d. for the Company's rupee, a moiety of such excess shall belong and be paid to the Company for their own use and benefit. And it is hereby declared that the provisions hereby made for the application of the said net receipts shall as from the said 1st day of July 1870, be substituted for and supersede every provision as to the application of the net receipts in any contract now subsisting between the Secretary of State in Council and the Company, and every such last-mentioned provision shall from the last-mentioned day cease to have any effect."

Application of
profits.

7. That the 21st clause of the said Indenture of the 22nd day of December 1852, so far as the same is in force, and the corresponding clause as to the ultimate rights of property in each of the said Indentures of the 19th day of December 1855, and the 13th day of August 1858 shall, as from the said 1st day of July 1870, be rescinded, and have no effect, and that in lieu of the said several clauses so rescinded as last aforesaid, the following clause shall thenceforth have effect, viz., "That at the expiration by effluxion of time of the said term of 99 years hereby agreed to be granted, the land to be provided as in the said several Indentures respectively mentioned, with all the said railways, and all buildings, works, fixed machinery, telegraphs, and conveniences whatsoever belonging thereto, respectively, shall revert to and become the property of Her Majesty, Her heirs and successors for the purposes of the Government of India, free from all debts and charges whatsoever, save such as shall have been sanc-

Ultimate rights of
property.

tioned by the Secretary of State in Council, and any lands in Great Britain which may then be held by the company for the purposes of their undertakings shall be sold, and the clear moneys produced by such sale shall be paid into the Bank of England to the account of the Secretary of State in Council, and the company shall deliver to the Secretary of State in Council as his property on the same account all plans, surveys, sections, books, printings, writings, drawings, and documents whatsoever, in anywise connected with the undertakings and affairs of the company or any of them. And the company shall sell, and the Secretary of State in Council on behalf of Her Majesty, and for the purposes of the Government of India, shall purchase all the engines, carriages, stock, machinery and plant which shall then be used in working the said railways or any of them, or otherwise in connection therewith, or belonging thereto, for such sum of money as shall be the fair value thereof, the same to be determined in case of difference by a valuation to be made by referees or their umpire, in case of difference to be respectively appointed in the usual manner, and the Secretary of State in Council shall pay to the company in London the sum of money to be so determined within four months after such determination, with interest thereon at the rate of five per cent. per annum from the expiration of the said term of 99 years hereby agreed to be granted."

Surrender.

8. That the 22nd clause of the said Indenture of the 22nd day of December 1852, so far as the same is in force, and the corresponding clause as to surrender in each of the said Indentures of the 19th day of December 1855 and the 13th day of August 1858, shall, as from the said 1st day of July 1870, be rescinded and have no effect, and that in lieu of the said several clauses so rescinded as last aforesaid, the following clause shall thenceforth have effect, viz.: "That after all the said lines of railway shall have been finished and in work for three calendar months at least, it shall be lawful for the company then, or at any time thereafter, to give notice in writing of their intention to surrender and relinquish all the said railways and works to Her Majesty, Her heirs and successors, for the purposes of the Government of India, on any day to be mentioned in such notice, so that such notice be served at least six calendar months before that day, both on the Secretary of State in Council in London, and also on the Secretary of Government at Madras; and in case of such notice being given the company shall, at the expiration thereof, surrender and relinquish all the said railways and works accordingly, together with the telegraphs (if any), and shall, with all convenient speed, sell any lands in Great Britain which may then be held by the company for the purposes of their undertakings and business, and pay the clear moneys to be produced by such sale into the Bank of England to the account of the Secretary of State in Council of India, and shall deliver to the Government, or their authorised agents on behalf of Her Majesty, for the purposes of the Government of India, the engines, carriages, stock, plant, and machinery belonging to all the said railways and works, or any of them, and all plans, surveys, sections, printings, writings, and documents whatsoever connected with the undertakings and affairs of the company, and the premises to be so surrendered and delivered shall be accepted and received accordingly, it being expressly agreed that the said railways, works, telegraphs, engines, carriages, stock, plant, and machinery shall, at the time of such surrender and delivery, be in good working order according to the covenants in that behalf in the hereinbefore recited Indentures contained on the part of the company; and immediately upon such surrender and delivery being made the Secretary of State in Council shall be bound to pay to the company the capital expended by the company, ascertained and certified in the manner hereinbefore mentioned, together with such parts (if any) of the capital raised under the said indentures for the purposes of the undertaking, as consolidated by these presents, or any of them, as shall remain in the Bank of England to the account of the Secretary of State in Council; and thereupon the covenants in the said indentures contained for payment of interest shall cease, as from the day upon which the said railways and works are to be surrendered and accepted, and all claims by the Secretary of State in Council on account of interest or otherwise on the company in respect of the said railways, or any of them, shall also cease, and the Secretary of State in Council shall be at liberty to retain, out of any moneys payable to the company, the amount of all other claims or demands of any sort then existing against the company on their revenue account in respect of their undertakings, and which shall not be shown to have been fully satisfied and discharged until the same shall have been shown to be so satisfied and discharged; provided that the Secretary of State in Council shall not be

- liable

liable to refund any sum expended in the maintenance or working of the railways, or any of them, or any part thereof respectively, after the same shall have been opened, which sum (except in the case of any section having to be maintained out of capital for two years from the opening thereof) is to be provided by the company out of the revenues of the undertakings and interest as hereinbefore provided, or otherwise.

9. That the 23rd clause of the said Indenture of the 22nd day of December 1852, so far as the same is in force, and the corresponding clause as to right of purchasing in each of the said Indentures of the 19th day of December 1855 and the 13th day of August 1858, shall, as from the said 1st day of July 1870, be rescinded and have no effect, and that in lieu of the said several clauses so rescinded as last aforesaid, the following clause shall thenceforth have effect, viz., "That at any time within six calendar months after the expiration of the first 50 years of the said term of 99 years hereby agreed to be granted, it shall be lawful for the Secretary of State in Council to give notice to the company in London and at Madras of his intention to purchase on behalf of Her Majesty for the purposes of the Government of India the said railways and works, together with the telegraphs (if any), and the engines, carriages, stock, plant, and machinery, belonging to the said railways and works, but subject to such debts and liabilities (if any) as may be incurred to Her Majesty or the Secretary of State in Council, or to any person or persons with the sanction of the Secretary of State in Council, and to interest on such of the said debts as carry interest from the day on which possession shall be taken of the said railways and premises, but not from any earlier time, and thereupon at the half-yearly day next but one following such notice, the land provided, or to be provided as aforesaid, with the railways thereon, and all buildings, works, fixed machinery, telegraphs, and conveniences whatsoever connected therewith respectively, shall revert to and become the property of Her Majesty for the purposes of the Government of India, and in case any lands in Great Britain shall then be held by the Company for the purposes of their undertakings and business the same shall be sold, and the clear moneys to be produced by such sale shall be paid into the Bank of England to the account of the Secretary of State in Council of India, and the Company shall at the same time deliver to the Government, or their authorised agents, for the purpose of the Government of India, the engines, carriages, stock, plant, and machinery, belonging to the said railways and works, and all plans, surveys, sections, books, printings, writings, and documents whatsoever in anywise connected with the undertakings and affairs of the Company, and the Secretary of State in Council shall be bound to pay in London on the said half-yearly day for the purchase of all the same premises, a sum equal to the full amount of the value of all the shares or capital stock (but not including debenture stock) (if any) in the said Railway Company, calculated according to the mean market value in London of such shares or stock during the three years immediately preceding the expiration of the said period of 50 years, and shall also be bound to indemnify the company against all such debts and liabilities (if any) as they may have incurred, to or with the sanction of the Secretary of State in Council, in respect of the said railways or any of them, and as shall be then subsisting, and thereupon the covenants in the said Indentures respectively contained for payment of interest shall cease.

10. That the 24th clause of the said Indenture of the 22nd day of December 1852, so far as the same is in force, and the corresponding clause as to possession as a remedy in each of the said Indentures of the 19th day of December 1855, and the 13th day of August 1858, shall, as from the said 1st day of July 1870, be rescinded and have no effect, and that in lieu of the said several clauses so rescinded as last aforesaid, the following clause shall thenceforth have effect, viz., "That if default shall be made by the Company in payment of such further capital under any of the existing contracts as shall be required for the construction of the said railways and works, or in the due application of any moneys drawn in London or in India as aforesaid, or in the execution of the said railways and works, or any of them, conformably with the covenants in that behalf in the said Indentures, or hereinbefore contained, or in case the said railways, or any of them, shall not be worked to the satisfaction of the Secretary of State in Council, or in case of any other breach on the part of the Company of any of the covenants in the said Indentures or herein contained, it shall be lawful for

the Secretary of State in Council, on giving to the Company at Madras three calendar months' notice of his intention in that behalf, to terminate the interest of the company in the said land, railways, telegraphs, and works taken and constructed, or to be taken and constructed, under the said Indentures, and these presents, or any of them, and by his agent to assume, on behalf of Her Majesty, for the purposes of the Government of India, possession of the said land, railways, telegraphs, and works, and of all or any of the engines, carriages, stock, plant, and machinery, provided for the same, or belonging thereto respectively, and all plans, surveys, sections, books, printings, writings, and documents, whatsoever in anywise connected with the undertakings and affairs of the Company, or any of them, and in that case any lands in Great Britain which may then be held by the Company for the purpose of their undertakings and business shall, with all convenient speed, be sold, and the clear moneys to be produced by such sale shall be paid into the Bank of England to the account of the Secretary of State in Council of India, and in case of such notice being given, the Secretary of State in Council shall be liable to repay, within six calendar months of its expiration to the Company in London, the capital expended by the Company so ascertained and certified as hereinbefore mentioned, after a proper deduction for all debts and liabilities then affecting the Company, or the property of the Company, in respect of the said railways and works, or any of them, the money to be repaid to include so much (if any) of the capital raised for the purposes of the said railways and works as shall then remain in the Bank of England to the account of the Secretary of State in Council, and thereupon the covenants of the Secretary of State in Council in the said Indentures respectively contained for payment of interest shall cease, and all claims by the Secretary of State in Council on the Company in respect of the said railways shall also cease."

Repairs by the
Government of
India.

11. That the 25th clause of the said indenture of the 22nd day of December 1852, so far as the same is in force, and the corresponding clause as to repairs by the East India Company in each of the said indentures of the 19th day of December 1855 and the 13th day of August 1858, shall, as from the said 1st day July 1870, be rescinded, and have no effect, and that, in lieu of the said several clauses so rescinded as last aforesaid, the following clause shall thenceforth have effect; viz. "That if at any time or times default shall be made by the company in any of their covenants to keep the said railways and works, or such part thereof respectively as shall have been completed and opened for traffic in repair and condition for the space of one calendar month next after notice in writing in that behalf from the Secretary of State in Council to the Company at Madras: It shall be lawful for the Secretary of State in Council by his agents to enter on the said railways and works, or any of them, and to do and execute all such works as may be required for fulfilling the said covenants, and to charge the expenses of the same against the company, by setting off the amount of such expenses against any moneys then payable, or which shall thereafter become payable, by the Secretary of State in Council, for interest in manner hereinbefore and in the said indentures, or any of them, mentioned or referred to, which interest shall in such case to that extent be considered as paid and satisfied by such set-off or retainer, and shall, for all the purposes of the said indentures and of these presents, be regarded and considered as interest actually paid by the Secretary of State in Council to the company, in pursuance of his aforesaid covenants in that behalf; and if such expenses shall not be satisfied by such set-off and retainer as aforesaid, then the Secretary of State in Council may set off and deduct the same against and from all or any part of any other moneys which shall, on any account whatever, be or become payable by the Secretary of State in Council to the company."

Annuity commu-
tation.

12. That the 26th clause of the said indenture of the 22nd day of December 1852, so far as the same is in force, and the corresponding clause as to the annuity commutation in each of the said indentures of the 19th day of December 1855, and the 13th day of August 1858, shall, as from the said 1st day of July 1870, be rescinded and have no effect; and in lieu of the said several clauses so rescinded as last aforesaid, the following clause shall thenceforth have effect; viz. :—

"That in every or any case in which, under the provisions of these presents, the Secretary of State in Council shall become bound to repay the capital expended

expended by the said Railway Company as aforesaid, or in which the Secretary of State in Council shall become liable to pay for the purchase of the said railways and works and stock before the expiration of the said term of 99 years hereby agreed to be granted, it shall be lawful for the Secretary of State in Council, instead of paying a gross sum of money in respect of the premises, to declare by notice to the company in London his option to pay an annuity, to be reckoned from the time when the gross amount would be payable, and to continue during the residue of the said term of 99 years hereby agreed to be granted; and in that case such annuity shall be payable in London on such two half-yearly days in the year as shall be selected by the Secretary of State in Council in that behalf, with a fractional part for any broken half-year, the rate of interest which shall be used in calculating such annuity being determined by the average rate of interest during the preceding two years received in London upon public obligations of the Government of India, and other public obligations paid in London by the Secretary of State in Council, and which shall be ascertained by reference to the Governor or Deputy Governor of the Bank of England for the time being: Provided always, that the aforesaid option shall not apply to the undrawn portion (if any) of the capital of the company raised for the purposes of the said railways and works, or any of them, which portion is to be repaid to the company with interest under the provision in that behalf hereinbefore contained in case the company shall relinquish or be deprived of the said railways and works as aforesaid."

13. That the 27th clause of the said indenture of the 22d day of December 1852, so far as the same is in force, and the corresponding clause as to the return of surplus in each of the said indentures of the 19th day of December 1855 and the 13th day of August 1858, shall, as from the said 1st day of July 1870, be rescinded and have no effect, and that, in lieu of the said several clauses so rescinded as last aforesaid, the following clause shall thenceforth have effect, viz. :—

"That if, after the said railways and works, including the telegraphs, if required, shall have been completed and furnished with adequate working stock, the whole of the capital raised by the company for the said railways and works shall not have been required for the purpose of the said capital account, the surplus thereof shall, to the extent to which the same shall have been paid into the Bank of England to the account of the Secretary of State in Council be refunded to the Company in London, with such interest as shall be due on such capital at the time; and thereupon the covenants in the said indentures contained for payment of interest shall no longer apply to the capital which shall have been refunded."

14. That such of the provisions of the hereinbefore recited indentures as are not hereby rescinded, and are now capable of effect and can be applied to the consolidated undertaking, shall, as from and after the said 1st day of July 1870, apply to such undertaking in the same or similar manner as they have hitherto applied to the undertaking separately; but in applying such provisions the provisions herein contained shall also be applied and had regard to: provided that nothing herein contained shall alter or affect the rate of interest payable or to be paid by the Secretary of State in Council under the said indentures, or any of them, on the capital raised or to be raised for the purposes of the undertakings of the company.

In witness whereof, William Urquhart Arbuthnot, Esq., and Major General Sir William Erskine Baker, K.C.B., being two members of the Council of India, have hereunto set their hands and seals, and the said Railway Company have caused their common seal to be affixed the day and year first above written.

THE FIRST SCHEDULE above referred to.

		£.
1	4½ per cent. stock - - - - -	500,000
2	4½ per cent. stock - - - - -	1,000,000
3	5 per cent. stock, including debentures issued convertible into stock and converted - - - - -	3,314,950
4	Debentures issued convertible into stock but not yet converted -	938,800
		5,753,750
5	4½ per cent. debentures not convertible into stock, the principal wherein, as well as the interest, is guaranteed - - - - -	315,150
		£. 6,068,900

THE SECOND SCHEDULE above referred to.

		£.
5	per cent. stock - - - - -	3,750,000

CONTRACT between the SECRETARY of STATE in Council and the BOMBAY, BARODA, and CENTRAL INDIA RAILWAY COMPANY, dated 26 January 1861.

THIS INDENTURE made the 26th day of January 1861, between the SECRETARY of STATE in Council of the one part, and the BOMBAY, BARODA, and CENTRAL INDIA RAILWAY COMPANY, incorporated by the Bombay, Baroda, and Central India Railway Act, 1855, made and passed in the Session of the 18th and 19th years of Her present Majesty, and now incorporated under the provisions of the Bombay, Baroda, and Central India Railway Act, 1859, made and passed in the Session of the 22nd and 23rd years of Her Majesty of the other part :

WHEREAS the said Bombay, Baroda, and Central India Railway Company, were incorporated by the said first-mentioned Act for the purpose of making, working, and maintaining such railway or railways in India as might be agreed upon by the said railway company and the East India Company :

And whereas by an indenture of contract, bearing date the 21st day of November 1855; and made between the East India Company of the one part and the said Railway Company of the other part, it was, amongst other things, agreed that the said railway company should construct and open a line of railway to commence at Surat, and proceed to Baroda and Ahmedabad, the sum raised or to be raised by the said railway company in the first instance, being 500,000 £., and that the land required for the purpose of the said railway should be provided by the East India Company, and that upon the completion of the said line of railway, or of any part or parts thereof required by the East India Company to be first completed, the land required for the completed line and for the works and conveniences thereto belonging, should be leased to the said railway company by the East India Company for the term of 99 years from the 1st day of May 1855, determinable by surrender or purchase or re-entry as in the said indenture mentioned, and that the East India Company should pay to the said railway company in London on the 30th day of June and the 31st day of December in every year during the said determinable term, interest at the rate of 5 per cent. per annum on the said sum of 500,000 £., or on such part thereof as should for the time being have been paid as therein mentioned by the said railway company to the East India Company :

And whereas the said line of railway from Surat to Baroda was commenced by the said railway company under the direction of the East India Company :

And

And whereas under the provisions of the Act of the 21st and 22nd years of Her Majesty, c. 106, intituled "An Act for the better Government of India," the benefit of the hereinbefore recited contract became vested in Her Majesty for the purposes of the Government of India, and save as otherwise provided by the said Act one of Her Majesty's principal Secretaries of State has and may perform all such and the like powers and duties relating to the Government or revenues of India as might or should have been exercised or performed by the East India Company and the Secretary of State in Council, with the concurrence of a majority of votes at a meeting of the Council of India, has full power to enter into any contracts whatsoever as may be thought fit for the purposes of that Act, and all moneys payable in respect of the said indenture of contract and all liabilities to be contracted on account of the Government of India are charged and chargeable on the revenues of India :

And whereas by an indenture bearing date the 1st day of February 1859, and made between the Right Honorable Edward Henry Stanley, commonly called Lord Stanley, one of Her Majesty's Principal Secretaries of State, Sir Frederick Currie, Bart., Vice-President of the Council of India, and divers persons therein named, members of the Council of India (being the Secretary of State in Council of India) of the one part and the said Railway Company of the other part. The said Secretary of State in Council covenanted with the said railway company for payment out of the revenues of India of interest at the rate of 5 per cent. per annum during the said determinable term of 99 years, on the sum of 250,000 *l.*, to be provided by the said railway company for the purposes of the said Indenture of the 21st day of November 1855, in addition to the said sum of 500,000 *l.* :

And whereas by an indenture bearing date the 2nd day of February 1859, and made between the same parties as the last hereinbefore recited indenture, it was, amongst other things, agreed that the said railway company should construct and open a line of railway to commence at Bombay and to proceed to Surat, so as to form a junction with the said line from Surat to Baroda, at an estimated cost of 1,000,000 *l.* sterling or thereabouts, and that the land required for the purpose of the said railway should be provided by the Secretary of State in Council, and that upon the completion of the said line of railway from Bombay to Surat, or of any part or parts thereof as required by the Secretary of State in Council to be first completed, the land required for the completed line and for the works and conveniences thereto belonging should be leased to the said railway company by the Secretary of State in Council for the term of 99 years from the 1st day of May 1855, determinable by surrender or purchase or re-entry as in the said indenture mentioned : And that the Secretary of State in Council should in addition to the interest payable under the provisions of the said indentures of the 21st day of November 1855 and the 1st day of February 1859, pay to the said railway company on the 30th day of June and the 31st day of December in every year during the said determinable term, interest at the rate of 5 *l.* per cent. per annum on the said sum of 1,000,000 *l.*, or on such part thereof as should for the time being have been paid as therein mentioned by the said railway company, and that the moneys required for the said lines of railway and works constructed, and to be constructed under the said indenture of the 21st day of November 1855 and the indenture now in recital or otherwise as therein mentioned in excess of the said several sums of 500,000 *l.*, 250,000 *l.*, and 1,000,000 *l.*, should be raised and paid by the said railway company into the Bank of England, to the credit of the account of the Secretary of State in Council of India, and that the Secretary of State in Council should from time to time during the then residue of the said determinable term of 99 years, pay to said railway company half-yearly on the days aforesaid, interest on such excess, at such rate as should be agreed upon. And that the net receipts of the said lines of railway constructed and to be constructed under the said indenture of the 21st day of November 1855, and the indenture now in recital should be applied in the first place in discharge of the interest payable under the covenants in that behalf in the said indentures of the 21st day of November 1855 and the 1st day of February 1859, and in the indenture now in recital respectively contained in respect of such half-year, so as to exonerate the Secretary of State in Council and the revenues of India from the same, so far as the same net receipts should extend, and that the residue, if any, of such net receipts should be applied as follows, viz., one moiety thereof should be

applied in payment of such sums as should at any previous times have been paid by the East India Company or the Secretary of State in Council to the said railway company under the covenants in the said indentures of the 21st day of November 1855 and the 1st day of February 1859, and in the indenture now in recital respectively contained, by way of interest, together with simple interest on the sums so paid, at the rate of 5 *l.* per cent. per annum from the times of payment respectively, and the other moiety of the said surplus net receipts should be paid to or applied for the use and benefit of the said railway company; and in the indenture now in recital are contained clauses with respect to the surrender and purchase of the said lines of railway constructed, and to be constructed under the indenture of the 21st day of November 1855 and the indenture now in recital, and with respect to re-entry upon the same, such clauses being in substitution for the clauses of the said indenture of the 21st day of November 1855, to the like effect:

And whereas by the said Act of Parliament of the 22nd and 23rd years of Her Majesty, after repealing the said Act of the 18th and 19th years of Her Majesty, it was provided that notwithstanding such repeal, the said railway company should be and continue as from the time of the original incorporation thereof, incorporated by the name of "The Bombay, Baroda, and Central India Railway Company," with power to make, maintain, regulate, work, and use the railway then being constructed under the provisions of the said indentures of the 21st day of November 1855 and the 2nd day of February 1859, and any other railways by that Act authorised to be made and maintained. And it was thereby also provided that the hereinbefore recited indentures should remain in force. And it was thereby also provided that the said railway company from time to time might negotiate for, conclude, and enter into with the Secretary of State in Council, and carry into effect contracts and agreements with respect to all or any of the matters therein particularly mentioned (which included powers to make and enter into all the agreements and stipulations hereinafter contained):

And whereas a further sum of 550,000 *l.* sterling being required in addition to the said sums of 500,000 *l.*, 250,000 *l.*, and 1,000,000 *l.* for proceeding with the construction of the said lines of railway, the Secretary of State in Council, in the month of April 1859 authorised the said railway company to raise the sum of 300,000 *l.* by loan, on the terms hereinafter mentioned, and also agreed to pay interest at the rate of 5 *l.* per cent. per annum during the said determinable term of 99 years on the sum of 250,000 *l.*, making with the said sum of 300,000 *l.*, the said sum of 550,000 *l.*, in addition to the interest on the said sums of 500,000 *l.*, 250,000 *l.*, and 1,000,000 *l.*, under and subject to the same stipulations and agreements respectively, as are contained in the said recited indenture of the 2nd day of February 1859:

And whereas the said railway company in pursuance of the authority given to them as aforesaid, and under the powers in that behalf vested in them by the said recited Act of the 22nd and 23rd years of Her Majesty, issued proposals for a loan of the said sum of 300,000 *l.* sterling, on the terms hereinafter mentioned, and previously to the day of the date of these presents, the whole of the said sum of 300,000 *l.* sterling has been advanced by various persons in various sums respectively, and has been paid into the Bank of England to the credit of the account of the Secretary of State in Council:

And whereas in accordance with the said proposals, the said railway company have created and issued bonds or obligations, denominated debentures, under the seal of the said company, countersigned by three of the directors thereof, and bearing date the 5th day of July 1859, whereby the said company have bound themselves and their successors to pay to the said persons respectively, their respective executors, administrators, or assigns, the principal sums so advanced by them respectively as aforesaid, on the 5th day of July 1864, and to pay to the said persons respectively interest half-yearly on the said principal sums, at the rate of 5 *l.* per cent. per annum on the 5th day of January and the 5th day of July in each year, on presentation only at the Union Bank of London, Princes-street, of the coupons annexed to such debentures respectively. And by each such debenture it is declared that the proprietor for the time being thereof is also to have the option at the expiration of 12 months from the date thereof, and thenceforward at any time before the same becomes payable, to exchange the debenture for a proportionate number of shares of 20 *l.* each in the company upon which interest at the rate of 5 *l.* per cent. per annum

annum is guaranteed by the Secretary of State in Council, on leaving with the secretary of the Company at the offices of the Company in London, one calendar month's notice in writing of his desire so to do, and at the same time delivering up the debenture with such of the coupons as have not then fallen due, and executing, if required, the Company's deed of settlement or a deed of accession thereto, and that having so done, he will at the expiration of such month, be entitled to all the privileges and advantages of a registered proprietor. And it is further declared that in the event of the holder of the debentures not availing himself of such option to become a shareholder, the principal sum advanced by him will be repaid at the Union Bank of London, Princes-street, on the 5th day of July 1864:

And whereas previously to issuing proposals for the said loan it was agreed between the Secretary of State in Council and the said Railway Company that in order to facilitate the obtaining advances in respect thereof, the Secretary of State in Council should guarantee the payment of the principal moneys advanced, and of the interest thereon in manner hereinafter mentioned:

And whereas the said railway company found it impracticable to raise any portion of the sum of 250,000 *l.* residue of the said sum of 550,000 *l.* by the issue of shares with the said guaranteed rate of interest and the Secretary of State in Council authorised the said railway company to raise the said sum of 250,000 *l.* by loan on the terms hereinafter mentioned:

And whereas the said railway company in pursuance of the authority so given and under the powers in that behalf vested in them by the said recited Act of the 22nd and 23rd years of Her Majesty's reign and other Acts incorporated therewith, issued proposals for a loan of the said sum of 250,000 *l.* on the terms hereinafter mentioned, and previously to the day of the date of these presents the sum of 126,300 *l.* part of such sum of 250,000 *l.* has been advanced by various persons in various sums respectively and has been paid into the Bank of England to the credit of the account of the Secretary of State in Council:

And whereas in accordance with the said proposals the said railway company have created and issued bonds or obligations denominated debentures under the seal of the said company, countersigned by three of the directors thereof, and bearing date the 1st day of July 1860, whereby the said company have bound themselves and their successors to pay to the said persons respectively their respective executors, administrators or assigns the principal sums so advanced by them respectively as aforesaid on the 1st day of July 1865, and to pay interest half-yearly on the said principal sums at the rate of 5 *l.* per cent. per annum on the 1st day of January and 1st day of July, in each year on presentation only at the Union Bank of London, Princes-street, of the coupons annexed to such debentures respectively, and in the said debentures respectively are contained similar declarations as to exchange for shares and payment of principal as are contained in the said debentures issued in respect of the said 300,000 *l.*:

And whereas previously to issuing proposals for the said loan of 250,000 *l.* it was agreed between the Secretary of State in Council and the said Railway Company that in order to facilitate the obtaining advances in respect thereof the Secretary of State in Council should guarantee the payment of the principal moneys advanced and the interest thereon in manner hereinafter mentioned:

And whereas the covenants hereinafter contained on the part of the Secretary of State in Council are entered into with the concurrence of a majority of votes at a meeting of the Council of India:

NOW THIS INDENTURE WITNESSETH that in pursuance of the said agreements and in consideration of the premises the Bombay, Baroda, and Central India Railway Company do hereby for themselves and their successors so far as the covenants and agreements hereinafter contained are to be observed and performed by them, covenant with the Secretary of State in Council and the Secretary of State in Council doth hereby (so far as the covenants and agreements hereinafter contained are to be observed and performed by the Secretary of State in Council for the time being) covenant with the Bombay, Baroda, and Central India Railway Company and their successors in manner following (that is to say):—

1. That the said railway company shall and will from time to time until the

whole of the said sum of 250,000 *l.* residue of the said sum of 550,000 *l.* shall have been advanced receive sums of money on loan from any persons respectively willing to advance the same and shall and will forthwith pay any sums so received into the Bank of England to the credit of the account of the Secretary of State in Council, and shall and will create and issue to the said persons respectively debentures for securing the principal moneys advanced by them respectively and the interest thereon on the same terms and containing the same provisions and declarations as the said debentures of the 1st day of July 1860 already created and issued as hereinbefore mentioned.

2. That the Secretary of State in Council shall and will as often as and when the interest at the rate of 5 per cent per annum in respect of such of the debentures representing the said sums of 300,000 *l.* and 250,000 *l.* sterling respectively or any part thereof respectively as shall not previously to the time of payment of interest have been exchanged for shares shall become due duly pay out of the revenues of India into the Union Bank of London to an account to be called, "The Bombay, Baroda, and Central India Railway Debenture Account," the aggregate amount of such interest as a fund to meet and provide for the payment of such interest, and shall and will on the said 5th day of July 1864 and on the said 1st day of July 1865 as the case may require, duly pay out of the revenues of India to the same account the amount of the principal sums payable on such of the said debentures respectively as shall not previously to such day respectively have been exchanged for shares as a fund to meet and provide for the payment of such principal sums, and the moneys so to be paid to the said account shall be applied to the payment of such interest and principal accordingly, and that the Secretary of State in Council shall and will at all times hereafter at the costs and charges of the Secretary of State in Council to be defrayed out of the revenues of India, well and sufficiently protect, save harmless, and keep indemnified the said Bombay, Baroda, and Central India Railway Company, and their lands, tenements, goods, chattels and effects whatsoever of, from, and against all actions, suits, losses, costs, charges, damages, and expenses whatsoever which they shall or may suffer, sustain, expend or be put unto, or which shall or may be commenced, instituted, sued or prosecuted against them by reason or in consequence of the said debentures respectively.

3. That upon the holder of any of the said debentures respectively availing himself of the option given to him under the terms of his debenture, and exchanging the said debenture for shares in the capital of the company to the same amount, the nominal amount of such shares shall be deemed to be part of the capital of the company, and the Secretary of State in Council shall, during the then residue of the said determinable term of 99 years from the 1st day of May 1855, pay out of the revenues of India to the said railway company in London, half-yearly on the 30th day of June, and the 30th day of December in every year, interest at the rate of 5 *l.* per cent. per annum on the capital sum represented by the debentures which shall have been so exchanged, such interest being considered in the first instance as running from the last day on which interest shall have become payable on the same debentures previously to the exchange thereof for shares.

4. That the sums hereinbefore agreed to be paid by the Secretary of State in Council for interest as aforesaid, shall be in full satisfaction of all interest which, under the said indentures of the 21st day of November 1855, and the 2nd day of February 1859 respectively would or might become payable in respect of the principal moneys raised by the said debentures respectively, and paid into the Bank of England to the credit of the account of the Secretary of State in Council as aforesaid.

5. That the provision contained in the said indenture of the 2nd day of February 1859 concerning the application of the half-yearly net receipts of the said railways in payment of the interest therein mentioned so as to exonerate the revenues of India from the same, and concerning the application of one-half of the surplus of such net receipts in the repayment of any sums previously paid for interest, with simple interest on such sums at the rate of 5 *l.* per cent. per annum, shall apply to the interest hereinbefore agreed to be paid as aforesaid.

6. That it shall be lawful for the Secretary of State in Council at any time, and from time to time, by notice in writing to the said railway company to
require

require that all or any moneys which under the covenant hereinbefore in that behalf contained, shall have been paid by the Secretary of State in Council in satisfaction of the principal moneys secured by such of the said debentures respectively as shall not be exchanged for shares, shall be treated and considered as capital contributed by the Secretary of State in Council out of the revenues of India to the joint stock of the Bombay, Baroda, and Central India Railway Company; and forthwith, upon any such requisition being made, such number of fully paid-up shares of 20*l.* each as shall represent the sum specified in such notice shall be placed and registered in the name or names of such person or persons as trustee or trustees for Her Majesty on account of the Government of India as shall be named in such notice, and the nominal amount of such shares so issued shall be deemed to have been paid by the said railway company into the Bank of England on the day on which the last preceding half-yearly dividends shall have become payable in respect of the shares of the said railway company of 20*l.* each, and the Secretary of State in Council shall thenceforth during the residue of the said determinable term of 99 years, pay to the said railway company in London, half-yearly, on the 30th day of June and the 31st day of December in every year, interest at the rate of 5*l.* per cent. per annum, or the nominal amount of the said shares from the time when the said nominal amount shall be so deemed to have been paid into the Bank of England as aforesaid, and the provision referred to in the 5th clause hereof shall apply to the interest so paid, and the nominal amount of such shares shall for all purposes be thenceforth deemed to be part of the capital of the company.

7. That, subject to the provisions herein contained, and subject also as respects the said indenture of the 21st day of November 1855, to the operation of the said Act of the 21st and 22nd years of Her Majesty, the covenants and provisions of the said indentures of the 21st day of November 1855, the 1st day of February 1859, and the 2nd day of February 1859, respectively, shall be and remain in full force and effect, and shall apply to payments to be made, and matters to be done in pursuance hereof, so far as is not inconsistent herewith.

In Witness whereof Henry Marion Durand, Esq., and Sir Henry Conyngham Montgomery, Baronet, being two members of the Council of India, have hereunto set their hands and seals, and the said Railway Company have affixed their corporate seal the day and year first above written.

CONTRACT between the **SECRETARY OF STATE** in Council and the **BOMBAY, BARODA, and CENTRAL INDIA RAILWAY COMPANY**, dated 21st November 1861.

THIS INDENTURE made the 21st day of November 1861, between the **SECRETARY OF STATE** in Council of the one part, and the **BOMBAY, BARODA, and CENTRAL INDIA RAILWAY COMPANY** incorporated by the Bombay, Baroda, and Central India Railway Act 1855, made and passed in the Session of the 18th and 19th years of Her present Majesty, and now incorporated under the provisions of the Bombay, Baroda, and Central India Railway Act 1859, made and passed in the Session of the 22nd and 23rd years of Her Majesty of the other part :

WHEREAS, the said Bombay, Baroda, and Central India Railway Company were incorporated by the said first mentioned Act for the purpose of making, working, and maintaining such railway or railways in India as might be agreed upon by the said railway company and the East India Company :

And whereas, by an indenture of contract, bearing date the 21st day of November 1855, and made between the East India Company of the one part and the said Railway Company of the other part, it was amongst other things agreed that the said railway company should construct and open a line of railway to commence at Surat, and proceed to Baroda and Ahmedabad, the sum raised, or to be raised by the said railway company in the first instance, being 500,000 *l.*, and that the land required for the purpose of the said railway should be provided by the East India Company. And that upon the

completion of the said line of railway, or of any part or parts thereof required by the East India Company to be first completed, the land required for the completed line, and for the works and conveniences thereto belonging, should be leased to the said railway company by the East India Company for the term of 99 years, from the 1st day of May 1855, determinable by surrender or purchase, or re-entry as in the said indenture mentioned. And that the East India Company should pay to the said railway company in London on the 30th day of June and the 31st day of December in every year during the said determinable term, interest at the rate of 5 l. per cent. per annum on the said sum of 500,000 l., or on such part thereof as should for the time being have been paid as therein mentioned by the said railway company to the East India Company :

And whereas the said line of railway from Surat to Baroda was commenced by the said railway company under the direction of the East India Company :

And whereas, under the provisions of the Act of the 21st and 22nd years of Her Majesty, c. 106, intituled, "An Act for the better Government of India," the benefit of the hereinbefore recited contract became vested in Her Majesty for the purposes of the Government of India, and save as otherwise provided by the said Act, one of Her Majesty's principal Secretaries of State has and may perform all such and the like powers and duties relating to the Government or revenues of India as might or should have been exercised or performed by the East India Company and the Secretary of State in Council, with the concurrence of a majority of votes at a meeting of the Council of India, has full power to enter into any contracts whatsoever as may be thought fit for the purposes of that Act, and all moneys payable in respect of the said indenture of contract, and all liabilities to be contracted on account of the Government of India, are charged and chargeable on the revenues of India :

And whereas, by an indenture, bearing date the 1st day of February 1859, and made between the Right Honorable Edward Henry Stanley, commonly called Lord Stanley, one of Her Majesty's principal Secretaries of State, Sir Frederick Currie, Baronet, Vice President of the Council of India, and divers persons therein named, members of the Council of India (being the Secretary of State in Council of India), of the one part, and the said Railway Company of the other part. The Secretary of State in Council covenanted with the said railway company for payment out of the revenues of India of interest at the rate of 5 l. per cent. per annum during the said determinable term of 99 years on the sum of 250,000 l. to be provided by the said railway company for the purposes of the said indenture of the 21st day of November 1855, in addition to the said sum of 500,000 l. :

And whereas by an indenture, bearing date the 2nd day of February 1859, and made between the same parties as the last hereinbefore recited indenture : it was, amongst other things agreed that the said railway company should construct and open a line of railway to commence at Bombay, and to proceed to Surat, so as to form a junction with the said line from Surat to Baroda, at an estimated cost of 1,000,000 l. sterling, or thereabouts ; and that the land required for the purpose of the said railway should be provided by the Secretary of State in Council ; and that upon the completion of the said line of railway from Bombay to Surat, or of any part or parts thereof as required by the Secretary of State in Council, to be first completed, the land required for the completed line, and for the works and conveniences thereto belonging, should be leased to the said railway company by the Secretary of State in Council for the term of 99 years, from the 1st day of May 1855, determinable by surrender or purchase, or re-entry, as in the said indenture mentioned : and that the Secretary of State in Council should, in addition to the interest payable under the provisions of the said indentures of the 21st day of November 1855, and the 1st day of February 1859, pay to the said railway company on the 30th day of June and the 31st day of December in every year during the said determinable term interest at the rate of 5 l. per cent. per annum on the said sum of 1,000,000 l., or on such part thereof as should for the time being have been paid as therein mentioned by the said railway company ; and that the moneys required for the said lines of railway and works constructed and to be constructed under the said indenture of the 21st day of November 1855, and the indenture now in recital, or otherwise, as therein mentioned, in excess of the

said

said several sums of 500,000 *l.*, 250,000 *l.*, and 1,000,000 *l.*, should be raised and paid by the said railway company into the Bank of England to the credit of the account of the Secretary of State in Council of India, and that the Secretary of State in Council should from time to time, during the then residue of the said determinable term of 99 years, pay to the said railway company half-yearly on the days aforesaid, interest on such excess at such rate as should be agreed upon; and in the indenture now in recital are contained clauses with respect to the application of the net receipts of the said lines of railway constructed and to be constructed under the indenture of the 21st day of November 1855, and the indenture now in recital, and with respect to the surrender and purchase of the said lines of railway, and with respect to re-entry upon the same such clauses being in substitution for the clauses of the said indenture of the 21st day of November 1855, to the like effect:

And whereas by the said Act of Parliament of the 22nd and 23rd years of Her Majesty, after repealing the said Act of the 18th and 19th years of Her Majesty, it was provided that notwithstanding such repeal the said railway company should be and continue as from the time of the original incorporation thereof incorporated by the name of "The Bombay, Baroda, and Central India Railway Company," with power to make, maintain, regulate, work, and use the railway then being constructed under the provisions of the said indentures of the 21st day of November 1855 and the 2nd day of February 1859, and any other railways by that Act authorised to be made and maintained; and it was thereby also provided that the hereinbefore recited indentures should remain in force; and it was thereby also provided that the said railway company from time to time might negotiate for, conclude, and enter into with the Secretary of State in Council, and carry into effect, contracts and agreements with respect to all or any of the matters therein particularly mentioned (which included powers to make and enter into all the agreements and stipulations hereinafter contained):

And whereas further sums being required in addition to the said sums of 500,000 *l.*, 250,000 *l.*, and 1,000,000 *l.*, for proceeding with the construction of the said lines of railway, the said railway company, with the sanction of the Secretary of State in Council, raised the sum of 300,000 *l.* on loan upon debentures of the said railway company, bearing interest at the rate of 5 *l.* per cent. per annum, the principal moneys and interest being guaranteed by the Secretary of State in Council:

And whereas the Secretary of State in Council has lately authorised the said railway company to raise an additional sum of 250,000 *l.* on loan upon debentures bearing a like rate of interest and guaranteed in like manner as the debentures hereinbefore mentioned, but the said railway company have hitherto found it impracticable to obtain an advance of any part of the said sum of 250,000 *l.*:

And whereas all the moneys which have from time to time been raised by the said railway company and paid into the treasury of the East India Company or into the Bank of England to the credit of the Secretary of State in Council, have been expended on the said lines of railway, and further sums being required both in England and India for the payment for materials for the said lines of railway, and for proceeding with the construction thereof, the Secretary of State in Council has agreed that advances shall be made to the said railway company from the Treasury of the Secretary of State in Council and from the treasury of the Government at Bombay, in manner and upon the terms hereinafter mentioned:

And whereas certain advances have already been made to the said railway company in pursuance of the said agreement:

And whereas the covenants hereinafter contained on the part of the Secretary of State in Council are entered into with the concurrence of a majority of votes at a meeting of the Council of India:

NOW THIS INDENTURE WITNESSETH that in pursuance of the said agreement and in consideration of the premises, the Secretary of State in Council doth hereby (so far as the covenants and agreements hereinafter contained are to be observed and performed by the Secretary of State in Council for the time being) covenant with the Bombay, Baroda, and Central India Railway Company and their successors, and the Bombay, Baroda, and Central

India Railway Company, do hereby for themselves and their successors (so far as the covenants and agreements hereinafter contained are to be observed and performed by them) covenant with the Secretary of State in Council in manner following (that is to say):

1. That notwithstanding anything to the contrary contained in the said indentures of the 21st day of November 1855 and the 2nd day of February 1859, respectively, it shall be lawful for the said railway company in London or their authorised agent in India, with the sanction of the Secretary of State in Council, from time to time to draw from the treasury of the Secretary of State in Council or of the Government at Bombay, such sum or sums of money in excess of the balance in favour of the said railway company for the time being in respect of the capital raised for the purposes of the said lines of railway, as in the opinion of the Secretary of State in Council shall be then immediately required for the purposes of the said lines of railway, and such sums of money shall be so drawn in such manner, and subject to such provisions, regulations, and restrictions, as the Secretary of State in Council shall from time to time prescribe, and all sums of money which have heretofore been drawn at Bombay by the said railway company with the sanction of the Secretary of State in Council in excess of the balance in their favour, or which shall be drawn at Bombay by the said railway company, in pursuance of the power hereinbefore given to them, shall be calculated at the exchange of 1 s. 10 d. for each Company's rupee.

2. That it shall be lawful for the Secretary of State in Council at any time, and from time to time, by notice in writing to the said railway company, to require that all or any sums of money which shall have been drawn by the said railway company in excess of the balance in their favour, shall be treated and considered as capital contributed by the Secretary of State in Council out of the revenues of India to the joint stock of the Bombay, Baroda, and Central India Railway Company, and forthwith upon any such requisition being made, such number of fully paid-up shares of 20 l. each as shall represent the sum specified in such notice, shall, in satisfaction of such sum be placed and registered in the name or names of such person or persons as trustee or trustees for Her Majesty on account of the Government of India as shall be named in such notice, and the nominal amount of such shares so issued shall be deemed to have been paid by the said Railway Company into the Bank of England on the day on which the next succeeding half-yearly dividends shall become payable in respect of the shares of the said Railway Company, and the Secretary of State in Council shall thenceforth during the residue of the said determinable term of 99 years pay to the said railway company in London half-yearly on the 30th day of June and the 31st day of December in every year, interest at the rate of 5 l. per cent. per annum on the nominal amount of the said shares from the time when the said nominal amount shall be so deemed to have been paid into the Bank of England as aforesaid, and the nominal amount of such shares shall for all purposes be thenceforth deemed to be part of the capital of the company.

3. That interest at the rate of 5 l. per centum per annum shall be charged upon any sums of money which shall have been drawn by the said railway company in excess of the balance in their favour, calculated from the time when the said sums shall have been respectively so drawn up, to the time when such sums shall have been satisfied by shares in manner aforesaid, and the nominal amount of such shares shall have been deemed to have been paid by the said railway company into the Bank of England as aforesaid; and the provision contained in clause 18 of the said indenture of the 2nd day of February 1859 concerning the application of the half-yearly net receipts of the said railways in, or towards discharge of the interest therein mentioned, shall extend and apply to the payment thereof to the Secretary of State in Council of the current interest so charged as aforesaid, and the provision contained in the same clause concerning the application of one-half of the surplus of such net receipts to the repayment of any sums previously paid for interest, with simple interest thereon, shall extend and apply so as to make such one-half of the surplus net receipts also applicable to the payment thereof to the Secretary of State in Council of the interest which shall have been charged as aforesaid

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in respect of any previous years, together with simple interest thereon, at the rate of 5 *l.* per centum per annum.

4. That any notice, certificate of opinion, or sanction to be given or signified on the part of the Secretary of State in Council for the purposes of these presents, shall be sufficient and binding, if signed by the Secretary of State for India, or one of his Under Secretaries of State, or any three members of the Council of India, or by the Secretary of the Government at Bombay; and the Secretary of State in Council shall not in any case be bound in respect of notice, opinion, or sanction, unless by some writing signed in the manner before mentioned.

5. That the Secretary of State in Council shall not have, or enforce any claim or demand against the said railway company in respect of any moneys which have been or shall be drawn by the said railway company in excess of the balance in their favour as aforesaid, other than and except the right to require shares in satisfaction thereof in manner hereinbefore mentioned, and the fact of any moneys having been so drawn shall not prejudice or affect the rights of the said railway company declared by the said indenture of the 2nd day of February 1859.

6. That nothing herein contained, and no act or proceeding to be done or had in pursuance of these presents shall be construed to operate, or shall operate as a waiver of any rights or remedies vested in the Secretary of State in Council, under or by virtue of the said indentures of the 21st day of November 1855, and the 2nd day of February 1859 respectively; but such rights and remedies shall remain in full force, and be exerciseable by the Secretary of State in Council in the same and as ample a manner as if these presents had not been made.

In witness whereof, Sir Proby Thomas Cautley and Elliot Macnaghten, Esquire, being two members of the Council of India, have hereunto set their hands and seals, and the said Bombay, Baroda, and Central India Railway Company have caused their common seal to be affixed the day and year first above written.

CONTRACT between the SECRETARY of STATE in Council and the BOMBAY, BARODA, and CENTRAL INDIA RAILWAY COMPANY, dated 7th November 1862.

THIS INDENTURE made the 7th day of November 1862 between the SECRETARY of STATE in Council of the one part, and the BOMBAY, BARODA, and CENTRAL INDIA RAILWAY COMPANY, originally incorporated by the Bombay, Baroda, and Central India Railway Act, 1855, made and passed in the Session of the 18th and 19th years of Her present Majesty, and now incorporated under the provisions of the Bombay, Baroda, and Central India Railway Act, 1859, made and passed in the Session of the 22nd and 23rd years of Her Majesty, of the other part.

WHEREAS the said Bombay, Baroda, and Central India Railway Company was incorporated by the said first-mentioned Act, for the purpose of making, working, and maintaining such railway or railways in India as might be agreed upon by the said Railway Company and the East India Company:

And whereas by an indenture of contract, bearing date the 21st day of November 1855, and made between the East India Company of the one part and the said Railway Company of the other part, it was amongst other things agreed that the said railway company should construct and open a line of railway to commence at Surat, and proceed to Baroda and Ahmedabad, the sum raised or to be raised by the said Railway Company in the first instance being 500,000 *l.*, and that the land required for the purpose of the said railway should be provided by the East India Company, and that upon the completion of the said line of railway, or of any part or parts thereof required by the East India Company to be first completed, the land required for the completed line, and for the works and conveniences thereto belonging, should be leased to the said railway company by the East India Company for the term of 99 years, from the

the 1st day of May 1855, determinable by surrender, or purchase, or re-entry, as in the said indenture mentioned, and that the East India Company should pay to the said Railway Company in London, on the 30th day of June and the 31st day of December in every year during the said determinable term, interest at the rate of 5 l. per cent. per annum on the said sum of 500,000 l., or on such part thereof as should for the time being have been paid, as therein mentioned by the said Railway Company to the East India Company :

And whereas the said line of railway from Surat to Baroda was commenced by the said Railway Company under the direction of the East India Company :

And whereas under the provisions of the Act of the 21st and 22nd years of Her Majesty, cap. 106, intituled, "An Act for the better Government of India," the benefit of the hereinbefore recited contract became vested in Her Majesty for the purposes of the Government of India, and save as otherwise provided by the said Act, one of Her Majesty's principal Secretaries of State, has and may perform all such and the like powers and duties relating to the Government or revenues of India, as might or should have been exercised or performed by the East India Company and the Secretary of State in Council, with the concurrence of a majority of votes at a meeting of the Council of India, has full power to enter into any contracts whatsoever as may be thought fit for the purposes of that Act, and all moneys payable in respect of the said indenture of contract, and all liabilities to be contracted on account of the Government of India, are charged and chargeable on the revenues of India :

And whereas by an indenture bearing date the 1st day of February 1859, and made between the Secretary of State in Council of the one part, and the said Railway Company of the other part, the Secretary of State in Council covenanted with the said Railway Company for payment out of the revenues of India, of interest at the rate of 5 l. per cent. per annum during the said determinable term of 99 years on the said sum of 250,000 l., to be provided by the said Railway Company for the purposes of the said indenture of the 21st day of November 1855, in addition to the said sum of 500,000 l. :

And whereas by an indenture bearing date the 2nd day of February 1859, and made between the same parties as the last hereinbefore recited indenture, it was, amongst other things agreed that the said Railway Company should construct and open a line of railway to commence at Bombay and to proceed to Surat, so as to form a junction with the said line from Surat to Baroda, at an estimated cost of 1,000,000 l. sterling or thereabouts, and that the land required for the purpose of the said railway should be provided by the Secretary of State in Council, and that upon the completion of the said line of railway from Bombay to Surat, or of any part or parts thereof as required by the Secretary of State in Council to be first completed, the land required for the completed line, and for the works and conveniences thereto belonging, should be leased to the said Railway Company by the Secretary of State in Council for the term of 99 years, from the 1st day of May 1855, determinable by surrender, or purchase, or re-entry, as in the said indenture mentioned, and that the Secretary of State in Council should, in addition to the interest payable under the provisions of the said indentures of the 21st day of November 1855, and the 1st day of February 1859, pay to the said Railway Company on the 30th day of June and the 31st day of December in every year during the said determinable term, interest at the rate of 5 l. per cent. per annum on the said sum of 1,000,000 l., or on such part thereof as should for the time being have been paid as therein mentioned by the said Railway Company, and that the moneys required for the said lines of railway and works constructed, and to be constructed, under the said indenture of the 21st day of November 1855, and the indenture now in recital or otherwise as therein mentioned in excess of the said several sums of 500,000 l., 250,000 l., and 1,000,000 l., should be raised and paid by the said Railway Company into the Bank of England to the credit of the account of the Secretary of State in Council of India, and that the Secretary of State in Council should from time to time during the then residue of the said determinable term of 99 years, pay to the said Railway Company half-yearly, on the days aforesaid, interest on such excess at such rate as should be agreed upon, and that the net receipts of the said lines of railway constructed, and to be constructed, under the said indenture of the 21st day of November 1855, and the indenture now in recital should be applied in the first place in discharge of the interest payable under the covenants in that behalf in the said indentures of the 21st day of

of November 1855, and the 1st day of February 1859, and in the indenture now in recital respectively contained in respect of such half-year, so as to exonerate the Secretary of State in Council and the revenues of India from the same, so far as the same net receipts should extend, and that the residue (if any) of such net receipts should be applied, as follows: viz., One moiety thereof should be applied in payment of such sums as should at any previous time have been paid by the East India Company, or the Secretary of State in Council to the said Railway Company under the covenants in the said indentures of the 21st day of November 1855, and the 1st day of February 1859, and in the Indenture now in recital respectively contained by way of interest, together with simple interest on the sums so paid at the rate of 5 *l.* per cent. per annum, from the times of payment respectively, and the other moiety of the said surplus net receipts should be paid to or applied for the use and benefit of the said Railway Company, and in the indenture now in recital are contained clauses with respect to the surrender and purchase of the said lines of railway, constructed, and to be constructed under the said Indenture of the 21st day of November 1855, and the indenture now in recital, and with respect to re-entry upon the same such clauses being in substitution for the clauses of the said indenture of the 21st day of November 1855 to the like effect:

And whereas by the said Act of Parliament of the 22nd and 23rd years of Her Majesty, after repealing the said Act of the 18th and 19th years of Her Majesty, it was provided that notwithstanding such repeal the said Railway Company should be and continue as from the time of the original incorporation thereof, incorporated by the name of "The Bombay, Baroda, and Central India Railway Company," with power to make, maintain, regulate, work, and use the railway then being constructed, under the provisions of the said Indenture of the 21st day of November 1855 and the 2nd day of February 1859, and any other railways by that Act authorised to be made and maintained; and it was thereby also provided that the hereinbefore recited indentures should remain in force: and it was thereby also provided that the said Railway Company, from time to time, might negotiate for, conclude, and enter into with the Secretary of State in Council, and carry into effect contracts and agreements with respect to all or any of the matters therein particularly mentioned (which included powers to make and enter into all the agreements and stipulations hereinafter contained):

And whereas further moneys being required in addition to the said sums of 500,000 *l.*, 250,000 *l.*, and 1,000,000 *l.*, for proceeding with the construction of the said lines of railway, the Secretary of State in Council, in the month of April 1859, authorised the said Railway Company to raise the sum of 300,000 *l.* by loan, and subsequently authorised the said Railway Company to raise the further sum of 250,000 *l.* by loan:

And whereas the said Railway Company, in pursuance of the authorities given to them as aforesaid, and under the powers in that behalf vested in them by the said recited Act of the 22nd and 23rd years of Her Majesty, issued proposals for loans of the said sums of 300,000 *l.* and 250,000 *l.* respectively, and the whole of the said sums, respectively, was advanced by various persons in various sums respectively, and has been paid into the Bank of England to the credit of the account of the Secretary of State in Council:

And whereas in accordance with the said proposals the said Railway Company created and issued bonds or obligations denominated debentures to the persons who advanced moneys in respect of the said sums of 300,000 *l.* and 250,000 *l.* respectively, as aforesaid, and each of such debentures was in the form approved of by the Secretary of State in Council, and contained an obligation on the part of the said Railway Company for payment of the principal sum named in the debenture on a day therein named, and for payment in the meantime of interest thereon at the rate of 5 *l.* per centum per annum, by half-yearly payments on the days therein mentioned, and by such debenture was given an option to the holder thereof to enlarge the same for a proportionate sum in shares of the Company, upon which interest at the rate of 5 *l.* per cent. per annum was guaranteed by the Secretary of State in Council on giving such notice as therein-mentioned:

And whereas, by an Indenture bearing date the 26th day of January 1861, and made between the Secretary of State in Council of the one part, and the said Railway Company of the other part, certain provisions were made with respect to the payment, by the Secretary of State in Council, of the principal moneys and interest secured by the debentures representing the said sums of 300,000 *l.* and 250,000 *l.* respectively:

And whereas in the year 1861, in order to provide further moneys required for proceeding with the construction of the said lines of railway, it was agreed between the Secretary of State in Council, and the said Railway Company, that advances should be made to the said Railway Company from the Treasury of the Secretary of State in Council, and from the Treasury of the Government at Bombay :

And whereas, by an Indenture bearing date the 21st day of November 1861, and made between the Secretary of State in Council of the one part, and the said Railway Company of the other part, certain provisions were made with respect to drafts of moneys from the said Treasuries, by the said Railway Company in excess of the balance in their favour, and with respect to the satisfaction of the moneys so drawn by the creation and issue of shares in manner therein mentioned, and generally in relation to such advances as aforesaid :

And whereas, there have been advanced from the said Treasuries to the said Railway Company, in excess of the balance in their favour, sums amounting in the aggregate to the sum of 810,000 *l.*, and in accordance with the provisions of the last-recited Indenture, 40,500 shares of 20 *l.* each in the capital of the said Railway Company, representing the sum of 810,000 *l.*, upon which interest at the rate of 5 *l.* per cent. per annum is payable by the Secretary of State in Council have, upon the requisition of the Secretary of State in Council, been created and issued and appropriated in trust for Her Majesty, on account of the Government of India, in satisfaction of the said sum of 810,000 *l.* so advanced :

And whereas, in addition to the said sums of 500,000 *l.*, 250,000 *l.*, 1,000,000 *l.*, and 810,000 *l.*, making together the sum of 2,560,000 *l.*, raised by shares in the capital of the said Railway Company, and the said sums of 300,000 *l.* and 250,000 *l.*, making together the sum of 550,000 *l.*, raised by loan as aforesaid, further moneys are required for proceeding with the construction of the said lines of railway, and the providing of rolling stock for effectually working the same; and the Secretary of State in Council has lately authorised the said Railway Company to raise the further sum of 300,000 *l.* by loan, on the terms hereinafter mentioned :

And whereas the said Railway Company, in pursuance of the authority so given, and under the powers in that behalf vested in them by the said Act of the 22nd and 23rd years of Her Majesty, issued proposals for a loan of the said further sum of 300,000 *l.* sterling, on the terms hereinafter mentioned, and previously to the day of the date of these presents the sum of 299,995 *l.*, part of such further sum of 300,000 *l.* has been advanced by various persons in various sums respectively, and has been paid into the Bank of England to the credit of the account of the Secretary of State in Council :

And whereas, in accordance with the said proposals, the said Railway Company have created and issued bonds or obligations, denominated debentures, under the seal of the said Company, countersigned by three of the directors thereof, and bearing date the 1st day of July 1862, whereby the said Company have bound themselves and their successors to pay to the said persons respectively, their respective executors, administrators, or assigns, the principal sums so advanced by them respectively as aforesaid, on the 1st day of July 1867, and to pay interest half-yearly on the said principal sums, at the rate of 5 *l.* per cent. per annum, on the 1st day of January and 1st day of July in each year, on presentation only, at the Union Bank of London, or other, the banker for the time being of the said Company, of the coupons annexed to such debentures respectively; and by such debenture it is declared that the proprietor for the time being thereof may, on giving 12 calendar months' notice in writing to the Secretary of the said Company previously to the 1st of July 1867, have the time of repayment of the principal sum secured by such debenture postponed until the 1st day of July 1872, and may in that case require to be provided with additional coupons for the half-yearly payment of interest thereon in the meantime, after the rate of 5 *l.* per cent. per annum; and will also have the option, at the expiration of 12 months from the date thereof, and thenceforward at any time before the same becomes payable, except during the last six months of the second period of five years, in case the time of repayment of the said principal sum shall have been extended as above provided for, to exchange the debenture for a proportionate number of shares of 20 *l.* each in the Company, upon which interest at the rate of 5 *l.* per cent. per annum is guaranteed by the

Secretary

Secretary of State in Council, on leaving with the Secretary of the Company at the offices of the Company in London one calendar month's notice thereof in writing, and at the same time delivering up the debenture with such of the coupons as have not then fallen due, and executing, if required by the directors of the Company, such acceptance of the shares or other documents as may, in their opinion, be necessary, and having so done, such proprietor will, at the expiration of such month, be entitled to all the privileges and advantages of a registered proprietor of shares in the Company. And it is further declared that, in the event of the proprietor not electing to become a shareholder under the above-mentioned option, the principal sum secured by such debenture will be repaid by the banker of the Company, on the 1st day of July 1867, unless payment be postponed, as above provided for, until the 1st day of July 1872; and then on such last-mentioned day :

And whereas, previously to issuing proposals for the loan of the said further sum of 300,000 £., it was agreed between the Secretary of State in Council and the said Railway Company that, in order to facilitate the obtaining advances in respect thereof, the Secretary of State in Council should guarantee the payment of the principal moneys advanced and the interest thereon, in manner hereinafter mentioned :

And whereas the covenants hereinafter contained on the part of the Secretary of State in Council are entered into, with the concurrence of a majority of votes at a meeting of the Council in India :

NOW THIS INDENTURE WITNESSETH, That in pursuance of the said agreements, and in consideration of the premises, the Bombay, Baroda, and Central India Railway Company do hereby, for themselves and their successors (so far as the covenants and agreements hereinafter contained are to be observed and performed by them), covenant with the Secretary of State in Council. And the Secretary of State in Council doth hereby (so far as the covenants and agreements hereinafter contained are to be observed and performed by the Secretary of State in Council for the time being), covenant with the Bombay, Baroda, and Central India Railway Company, and their successors, in manner following, (that is to say) :

1. That the said Railway Company shall and will, from time to time, until the whole of the said further sum of 300,000 £. shall have been advanced, receive sums of money on loan from any persons respectively willing to advance the same, and shall and will forthwith pay any sums so received into the Bank of England to the credit of the account of the Secretary of State in Council. And shall and will create and issue to the said persons respectively, debentures for securing the principal moneys advanced by them respectively, and the interest thereon on the same terms, and containing the same provisions and declarations as the said debentures of the 1st day of July 1862, already created and issued as hereinbefore mentioned.

2. That the Secretary of State in Council shall and will as often as and when the interest at the rate of 5 £. per cent. per annum in respect of such of the debentures representing the said further sum of 300,000 £., or any part thereof, as shall not previously to the time of payment of interest have been exchanged for shares shall become due, duly pay out of the revenues of India into the Union Bank of London, or other the bankers for the time being of the said company, to an account to be called "The Bombay, Baroda, and Central India Railway Debenture Account," the aggregate amount of such interest as a fund to meet and provide for the payment of such interest, and shall and will on the said 30th day of June 1867 duly pay out of the revenues of India to the same account, the amount of the principal sums payable on such of the said debentures as shall not previously to such day have been either exchanged for shares, or had the time extended for the repayment of the principal money thereby secured as a fund to meet and provide for the payment of such principal sums according to the terms of such debentures; and also shall and will on the 30th day of July 1872, duly pay out of the revenues of India to the same account, the amount of the principal sums payable on such of the said debentures, the time for the repayment of the principal moneys secured, by which they may have been extended as aforesaid as shall not previously to such day have been exchanged for shares as a fund to meet and provide for the payment of such principal sums,

and the moneys so to be paid to the said account shall be applied to the payment of such interest and principal accordingly. And that the Secretary of State in Council shall and will at all times hereafter, the costs and charges being defrayed out of the revenues of India, well and sufficiently protect, save harmless, and keep indemnified the said Bombay, Baroda, and Central India Railway Company, and their lands, tenements, goods, chattels, and effects whatsoever of, from, and against all actions, suits, losses, costs, charges, damages, and expenses whatsoever which they shall or may suffer, sustain, expend, or be put unto, or which shall or may be commenced, instituted, sued, or prosecuted against them, by reason or in consequence of the said debentures, or any of them.

3. That upon the holder of any of the said debentures issued in respect of the said further sum of 300,000 *l.* availing himself of the option given to him under the terms of his debenture, and exchanging the said debenture for shares in the capital of the company to the same amount, the nominal amount of such shares shall be deemed to be part of the capital of the company, and the Secretary of State in Council shall during the then residue of the said determinable term of 99 years, from the 1st day of May 1855, pay out of the revenues of India to the said Railway Company in London, half-yearly, on the 30th day of June and the 31st day of December in every year, interest at the rate of 5 *l.* per cent. per annum on the capital sum represented by the debentures which shall have been so exchanged, such interest being considered, in the first instance, as running from the last day on which interest shall have become payable on the said debenture previously to the exchange thereof for shares.

4. That the sums hereinbefore agreed to be paid by the Secretary of State in Council for interest as aforesaid, shall be in full satisfaction of all interest, which under the said indentures of the 21st day of November 1855, and the 1st and 2nd days of February 1859 respectively, would or might become payable in respect of the principal moneys raised by the said debentures, and paid into the Bank of England to the credit of the account of the Secretary of State in Council as aforesaid.

5. That the provision contained in the said indenture of the 2nd day of February 1859, concerning the application of the half-yearly net receipts of the said railways in payment of the interest therein mentioned, so as to exonerate the revenues of India from the same, and concerning the application of one-half of the surplus of such net receipts in the repayment of any sums previously paid for interest, with simple interest on such sums, at the rate of 5 *l.* per cent. per annum, shall apply to the interest hereinbefore agreed to be paid as aforesaid.

6. That it shall be lawful for the Secretary of State in Council, at any time, and from time to time by notice in writing to the said Railway Company, to require that all or any moneys which, under the covenant hereinbefore in that behalf contained shall have been paid by the Secretary of State in Council in satisfaction of the principal moneys secured by such of the said debentures as shall not be exchanged for shares shall be treated and considered as capital contributed by the Secretary of State in Council out of the revenues of India to the joint stock of the Bombay, Baroda, and Central India Railway Company, and forthwith upon any such requisition being made such number of fully paid-up shares of 20 *l.* each as shall represent the sum so specified in such notice shall be placed and registered in the name or names of such person or persons as trustee or trustees for Her Majesty, on account of the Government of India as shall be named in such notice, and the nominal amount of such shares so issued shall be deemed to have been paid by the said Railway Company into the Bank of England on the day on which the said principal moneys secured by the debentures not exchanged for shares as aforesaid shall have become payable, and the Secretary of State in Council shall thenceforth, during the residue of the said determinable term of 99 years, pay to the said Railway Company in London, half yearly, on the 30th day of June and the 31st day of December in every year, interest at the rate of 5 *l.* per cent. per annum on the nominal amount of the said shares from the time when the said nominal amount shall be so deemed to have been paid into the Bank of England as aforesaid. And the provision referred to in the 5th Clause hereof shall apply to the interest so paid; and the nominal amount of such shares shall for all purposes be thenceforth deemed to be part of the capital of the company.

7. That

7. That, subject to the provisions herein contained, and subject also as respects the said Indenture of the 21st day of November 1855, to the operation of the said Act of the 21st and 22nd years of Her Majesty, the covenants and provisions of the said Indentures of the 21st day of November 1855, the 1st day of February 1859, the 2nd day of February 1859, the 26th day of January 1861, and 22nd day of November 1861 respectively, shall be and remain in full force and effect, and shall apply to payments to be made and matters to be done in pursuance hereof so far as is not inconsistent herewith.

In witness whereof, Elliot Macnaghten, Esquire, and Colonel William Erskine Baker, being two members of the Council of India, have hereunto set their hands and seals, and the said Railway Company have caused their common seal to be affixed the day and year first above written.

CONTRACT between the SECRETARY of STATE in Council and the BOMBAY, BARODA, and CENTRAL INDIA RAILWAY COMPANY, dated 30th June 1863.

THIS INDENTURE, made the 30th day of June in the year of our Lord 1863, between the SECRETARY of STATE in Council of the one part, and the BOMBAY, BARODA, and CENTRAL INDIA RAILWAY COMPANY, incorporated by the Bombay, Baroda, and Central India Railway Act, 1855, made and passed in the Session of the 18th and 19th years of Her present Majesty, and now incorporated under the provisions of the Bombay, Baroda and Central India Railway Act 1859, made and passed in the Sessions of the 22nd and 23rd years of Her Majesty, of the other part.

WHEREAS the said Bombay, Baroda, and Central India Railway Company was incorporated by the said first-mentioned Act, for the purpose of making, working and maintaining such railway or railways in India as might be agreed upon by the said Railway Company and the East India Company :

And whereas by an Indenture of Contract bearing date the 21st day of November 1855, and made between the East India Company of the one part, and the said Railway Company of the other part, it was, amongst other things, agreed that the said Railway Company should construct and open a line of railway to commence at Surat and proceed to Baroda and Ahmedabad, the sum raised or to be raised by the said Railway Company, in the first instance, being 500,000 £., and that the land required for the purpose of the said railway should be provided by the East India Company. And that upon the completion of the said line of railway or of any part or parts thereof required by the East India Company to be first completed the land required for the completed line, and for the works and conveniences thereto belonging, should be leased to the said Railway Company by the East India Company for the term of 99 years from the 1st day of May 1855, determinable by surrender or purchase or re-entry as in the said Indenture mentioned. And that the East India Company should pay to the said Railway Company in London, on the 30th day of June and the 31st day of December in every year during the said determinable term, interest at the rate of 5 £. per cent. per annum on the said sum of 500,000 £., or on such part thereof as should for the time being have been paid as therein mentioned by the said Railway Company to the East India Company :

And whereas the said line of railway from Surat to Baroda was commenced by the said Railway Company under the direction of the East India Company :

And whereas under the provisions of the Act of the 21st and 22nd years of Her Majesty, c. 106, intituled, "An Act for the better Government of India," the benefit of the hereinbefore recited contract became vested in Her Majesty for the purposes of the Government of India ; and, save as otherwise provided by the said Act, one of Her Majesty's principal Secretaries of State has and may perform all such and the like powers and duties relating to the Government or revenues of India as might or should have been exercised or performed by the East India Company and the Secretary of State in Council, with the concurrence of a majority of votes at a meeting of the Council of India, has full power to enter into any contracts whatsoever as may be thought fit for the purposes of that Act, and all moneys payable in respect of the said Indenture of Contract, and all liabilities to be contracted on account of the Government of India are charged and chargeable on the revenues of India :

And whereas by an Indenture bearing date the 1st day of February 1859, and made between the Secretary of State in Council of the one part and the said Railway Company of the other part, the Secretary of State in Council covenanted with the said Railway Company for payment out of the revenues of India of interest at the rate of 5 *l.* per cent. per annum during the said determinable term of 99 years on the sum of 250,000 *l.* to be provided by the said Railway Company for the purposes of the said Indenture of the 21st day of November 1855, in addition to the said sum of 500,000 *l.* :

And whereas by an Indenture bearing date the 2nd day of February 1859, and made between the same parties as the last hereinbefore recited Indenture, it was amongst other things agreed that the said Railway Company should construct and open a line of railway, to commence at Bombay and to proceed to Surat, so as to form a junction with the said line from Surat to Baroda, at an estimated cost of 1,000,000 *l.* sterling or thereabouts, and that the land required for the purpose of the said railway should be provided by the Secretary of State in Council, and that upon the completion of the said line of railway from Bombay to Surat, or of any part or parts thereof as required by the Secretary of State in Council to be first completed, the land required for the completed line, and for the works and conveniences thereto belonging, should be leased to the said Railway Company by the Secretary of State in Council for the term of 99 years from the 1st day of May 1855, determinable by surrender, or purchase, or re-entry, as in the said Indenture mentioned; and that the said Secretary of State in Council should, in addition to the interest payable under the provisions of the said Indentures of the 21st day of November 1855 and the 1st day of February 1859, pay to the said Railway Company on the 30th day of June and the 31st day of December in every year during the said determinable term interest at the rate of 5 *l.* per cent. per annum on the said sum of 1,000,000 *l.*, or on such part thereof as should for the time being have been paid as therein mentioned by the said Railway Company; and that the moneys required for the said lines of railway and works constructed and to be constructed under the said Indenture of the 21st day of November 1855 and the Indenture now in recital, or otherwise as therein mentioned, in excess of the said several sums of 500,000 *l.*, 250,000 *l.*, and 1,000,000 *l.*, should be raised and paid by the said Railway Company into the Bank of England to the credit of the account of the Secretary of State in Council; and that the Secretary of State in Council should from time to time during the then residue of the said determinable term of 99 years pay to the said Railway Company half-yearly on the days aforesaid interest on such excess at such rate as should be agreed upon; and in the said Indenture were contained various other clauses and provisions not necessary to be here recited :

And whereas by the said Act of Parliament of the 22nd and 23rd years of Her Majesty, after repealing the said Act of the 18th and 19th years of Her Majesty, it was provided that notwithstanding such repeal the said Railway Company should be and continue as from the time of the original incorporation thereof incorporated by the name of the Bombay, Baroda, and Central India Railway Company, with power to make, maintain, regulate, work, and use the railway then being constructed under the provisions of the said Indentures of the 21st day of November 1855 and the 2nd day of February 1859, and any other railways by that Act authorised to be made and maintained; and it was thereby also provided that the hereinbefore recited Indentures should remain in force; and it was thereby also provided that the said Railway Company from time to time might negotiate for, conclude, and enter into with the Secretary of State in Council, and carry into effect contracts and agreements with respect to all or any of the matters therein particularly mentioned (which included powers to make and enter into all the agreements and stipulations hereinafter contained) :

And whereas further moneys being required in addition to the said sums of 500,000 *l.*, 250,000 *l.*, and 1,000,000 *l.*, for proceeding with the construction of said lines of railway, the said Railway Company, with the sanction of the Secretary of State in Council, raised the sum of 300,000 *l.*, and subsequently a further 250,000 *l.* (making together the sum of 550,000 *l.*) on loan upon debentures of the said Railway Company, bearing interest at the rate of 5 *l.* per cent. per annum, the principal moneys and interest being guaranteed and payable by the Secretary of State in Council, under the provisions of an Indenture bearing date

date the 26th day of January 1861, and made between the Secretary of State in Council of the one part and the said Railway Company of the other part :

And whereas, in the year 1861, the Secretary of State in Council authorised the said Railway Company to raise further sums, to the extent of 900,000 *l.*; but the said Railway Company, being unable at that time to raise the same, the Secretary of State in Council, by an Indenture bearing date the 21st day of November 1861, and made between the Secretary of State in Council of the one part and the said Railway Company of the other part, authorised advances to be made to the said Railway Company, from the Treasury of the Secretary of State in Council and from the Treasury of the Government at Bombay, as might from time to time be required. And in the same Indenture were contained provisions for securing that such number of fully paid-up shares as should represent the amount of such advances should be registered in the names of trustees for Her Majesty, on account of the Government of India, as and when the same should be required by the Secretary of State in Council :

And whereas there were advanced from the said treasuries to the said Railway Company, in excess of the balance in their favour, sums amounting in the aggregate to the sum of 810,000 *l.* and upwards, and, in accordance with the provisions of the last recited Indenture, 40,500 shares of 20 *l.* each in the capital of the said Railway Company, representing the sum of 810,000 *l.*, part of the aforesaid sum of 900,000 *l.* so authorised to be raised as aforesaid, were, upon the request of the Secretary of State in Council, created and set apart by the said Railway Company, to the intent that the same might be registered in the names of such persons as the said Secretary of State in Council should appoint :

And whereas the said Railway Company have, at the request of the Secretary of State in Council, disposed of the whole of the said 40,500 shares, and have raised the sum of 90,000 *l.*, the residue of the said sum of 900,000 *l.*, and have repaid to the Secretary of State in Council the whole of the advances so made to the said Railway Company, as hereinbefore is mentioned, by paying the whole of the said sum of 900,000 *l.* into the Bank of England, to the credit of the account of the Secretary of State in Council; but no contract to pay interest on the said sum of 900,000 *l.* by the Secretary of State in Council has yet been entered into with the said Railway Company :

And whereas, in consequence of the repayment of the said advances, it is expedient that the said Indenture of the 21st day of November 1861 should be considered as cancelled and annulled, and the several covenants therein contained, as well on the part of the Secretary of State in Council as on the part of the said Railway Company, should be mutually released, and that the Secretary of State in Council should enter into such contract as is hereinafter contained for the payment of interest, at the rate of 5 *l.* per cent. per annum, on the said sum of 900,000 *l.* :

And whereas, further moneys being required for proceeding with the construction of the said lines of railway, the said Railway Company, with the sanction of the Secretary of State in Council, raised the further sum of 300,000 *l.* on loan upon debentures of the said Railway Company, bearing interest at the rate of 5 *l.* per cent. per annum, the principal moneys and interest being guaranteed and payable by the Secretary of State in Council, under the provisions of an Indenture bearing date the 17th day of November 1862, and made between the Secretary of State in Council, of the one part, and the said Railway Company of the other part :

NOW THIS INDENTURE WITNESSETH that in consideration of the premises and for the purpose of carrying out the object of the several parties hereto, it is hereby agreed that the said Indenture of the 21st day of November 1861 shall henceforth be considered, deemed, and taken to be absolutely cancelled and annulled. And the Secretary of State in Council doth hereby (so far as the covenants and agreements contained in the said Indenture of the 21st day of November 1861, were to be observed and performed on the part of the said Railway Company and their successors) remise, release, and for ever quit claim unto the said Railway Company and their successors, and doth fully and absolutely exonerate and discharge them, and the said Bombay, Baroda, and Central India Railway Company do hereby for themselves and their successors (so far as the covenants and agreements contained in the said Indenture of the 21st day of November 1861, were to be observed and performed on the part of the Secretary of State in Council for the time being), remise, release, and for ever quit claim unto the Secretary of State in Council, and do fully and absolutely ex-

and discharge the Secretary of State in Council for the time being, of, from, and against all and every the several covenants, agreements, and provisions, in the said Indenture of the 21st day of November 1861, contained or expressed, and all benefit and advantage to be had or taken of, from, or by means of the same or any of them. And also of, from, and against all and all manner of action and actions, suit and suits, cause and causes of action, and suit and claims and demands whatsoever which either of them, the said parties hereto, or his, or their successors can or may have claim or demand, or if these presents had not been made, could, or might have had claimed, demanded, or been entitled unto, upon, from, or against the other of the said parties hereto, or his or their successors by reason or on account of the same, or the breach or non-performance thereof, or otherwise, however, in relation thereto :

AND THIS INDENTURE FURTHER WITNESSETH that in consideration of the premises the Secretary of State in Council doth hereby (so far as the covenants and agreements hereafter contained are to be observed and performed on the part of the Secretary of State in Council for the time being), covenant with the said Bombay, Baroda, and Central India Railway Company and their successors, and the said Bombay, Baroda, and Central India Railway Company do hereby for themselves and their successors (so far as the covenants and agreements hereinafter contained are to be observed and performed by them), covenant with the Secretary of State in Council in manner following (that is to say):—

1st. That in addition to the interest payable under the said Indentures of the 21st November 1855, and the 1st day of February 1859, and the 2nd day of February 1859 respectively, on the said sums of 500,000 *l.*, 250,000 *l.*, and 1,000,000 *l.* respectively, and in addition also to the interest payable under the said Indenture of the 26th day of January 1861 and the 17th day of November 1862, on the said sums of 300,000 *l.* and 250,000 *l.* (making together the said sum of 550,000 *l.*) and the said sum of 300,000 *l.* respectively, there shall from time to time during the residue for the time being of the said determinable term of 99 years, from the 1st day of May 1855, be paid out of the revenues of India to the said Railway Company in London, half-yearly on the 30th day of June and the 31st day of December in every year, interest at the rate of 5 *l.* per cent. per annum on the said further capital sum of 900,000 *l.* so paid into the Bank of England to the account of the Secretary of State in Council as hereinbefore is mentioned.

2nd. That the several clauses, stipulations, and provisions, of the said Indenture of the 2nd day of February 1859, shall remain in full force and effect and shall hereafter be construed and take effect in the same manner as if throughout the said Indenture of the 2nd day of February 1859, the sums of 1,900,000 *l.* being the amount of the said two several sums of 1,000,000 *l.* and 900,000 *l.* had been inserted in the place or stead of the said sum of 1,000,000 *l.*

In witness whereof Sir Proby Thomas Cautley and Colonel William Erskine Baker, being two members of the Council of India have hereunto set their hands and seals, and the said Railway Company have caused their common seal to be affixed, the day and year first above written.

CONTRACT between the SECRETARY OF STATE in Council and the BOMBAY, BARODA, and CENTRAL INDIA RAILWAY COMPANY, dated 2nd July 1863.

THIS INDENTURE made the 2nd day of July 1863, between the SECRETARY OF STATE in Council of the one part, and the BOMBAY, BARODA, and CENTRAL INDIA RAILWAY COMPANY incorporated by the Bombay, Baroda, and Central India Railway Act, 1855, made and passed in the Session of the 18th and 19th years of Her present Majesty, and now incorporated under the provisions of the Bombay, Baroda, and Central India Railway Act, 1859, made and passed in the Session of the 22nd and 23rd years of Her Majesty of the other part.

WHEREAS the said Bombay, Baroda, and Central India Railway Company was incorporated by the said first-mentioned Act for the purpose of making, working, and maintaining such railway or railways in India as might be agreed upon by Secretary of State in Council and the East India Company :

And

And whereas, by an Indenture of contract bearing date the 21st day of November 1855, and made between the East India Company of the one part, and the said Railway Company of the other part, it was, amongst other things, agreed that the said Railway Company should construct and open a line of railway to commence at Surat and proceed to Baroda and Ahmedabad; the sum raised, or to be raised, by the said Railway Company in the first instance being 500,000 £.; and that the land required for the purpose of the said railway should be provided by the East India Company, and that upon the completion of the said line of railway, or of any part or parts thereof required by the East India Company to be first completed, the land required for the completed line and for the works and conveniences thereto belonging should be leased to the said Railway Company by the East India Company for the term of 99 years, from the 1st day of May 1855, determinable by surrender or purchase or re-entry, as in the said Indenture mentioned; and that the East India Company should pay to the said Railway Company, in London, on the 30th day of June and the 31st day of December in every year during the said determinable term interest at the rate of 5 £. per cent. per annum on the said sum of 500,000 £., or on such part thereof as should for the time being have been paid as therein mentioned by the said Railway Company to the East India Company:

And whereas the said line of railway from Surat to Baroda was commenced by the said Railway Company under the direction of the East India Company:

And whereas, under the provisions of the Act of the 21st and 22nd years of Her Majesty, cap. 106, intituled, "An Act for the better Government of India," the benefit of the hereinbefore recited contract became vested in Her Majesty for the purposes of the Government of India, and save, as otherwise provided by the said Act, one of Her Majesty's principal Secretaries of State has, and may perform all such, and the like powers and duties relating to the Government or revenues of India as might or should have been exercised or performed by the East India Company and the Secretary of State in Council, with the concurrence of a majority of votes, at a meeting of the Council of India, has full power to enter into any contracts whatsoever, as may be thought fit for the purposes of that Act, and all moneys payable in respect of the said Indenture of Contract, and all liabilities to be contracted on account of the Government of India are charged and chargeable on the revenues of India:

And whereas by an Indenture, bearing date the 1st day of February 1859, and made between the Secretary of State in Council of the one part and the said Railway Company of the other part, the Secretary of State in Council covenanted with the said Railway Company for payment out of the revenues of India of interest at the rate of 5 £. per cent. per annum during the said determinable term of 99 years, on the sum of 250,000 £., to be provided by the said Railway Company for the purposes of the said Indenture of the 21st day of November 1855, in addition to the said sum of 500,000 £.

And whereas by an Indenture, bearing date the 2nd day of February 1859, and made between the same parties as the last hereinbefore recited Indenture, it was, amongst other things agreed that the said Railway Company should construct and open a line of railway to commence at Bombay, and to proceed to Surat, so as to form a junction with the said line from Surat to Baroda, at an estimate cost of 1,000,000 £. sterling or thereabouts, and that the land required for the purpose of the said railway should be provided by the Secretary of State in Council, and that upon the completion of the said line of railway from Bombay to Surat, or of any part or parts thereof, as required by the Secretary of State in Council to be first completed, the land required for the completed line and for the works and conveniences thereto belonging, should be leased to the said Railway Company by the Secretary of State in Council for the term of 99 years from the 1st day of May 1855, determinable by surrender or purchase or re-entry, as in the said Indenture mentioned, and that the Secretary of State in Council should, in addition to the interest payable under the provisions of the said Indentures of the 21st day of November 1855 and the 1st day of February 1859, pay to the said Railway Company on the 30th day of June and the 31st day of December in every year during the said determinable term, interest at the rate of 5 £. per cent. per annum on the said sum of 1,000,000 £., or on such part thereof as should for the time being have been paid as therein mentioned by the said Railway Company, and that the moneys required for the said lines of railway

and works constructed, and to be constructed, under the said Indenture of the 21st day of November 1855, and the Indenture now in recital or otherwise as therein mentioned, in excess of the said several sums of 500,000 *l.*, 250,000 *l.*, and 1,000,000 *l.* should be raised and paid by the said Railway Company into the Bank of England to the credit of the account of the Secretary of State in Council, and that the Secretary of State in Council should from time to time during the then residue of the said determinable term of 99 years, pay to the said Railway Company half-yearly on the days aforesaid interest on such excess at such rate as should be agreed upon, and in the said Indenture were contained various other clauses and provisions not necessary to be here recited :

And whereas, by the said Act of Parliament of the 22nd & 23rd years of Her Majesty, after repealing the said Act of the 18th & 19th years of Her Majesty, it was provided that, notwithstanding such repeal, the said Railway Company should be and continue as from the time of the original incorporation thereof, incorporated by the name of "The Bombay, Baroda, and Central India Railway Company," with power to make, maintain, regulate, work, and use the railway then being constructed under the provisions of the said Indentures of the 21st day of November 1855 and the 2nd day of February 1859, and any other railways by that Act authorised to be made and maintained: And it was thereby also provided that the hereinbefore recited indentures should remain in force, and that it was thereby also provided that the said Railway Company, from time to time, might negotiate for, conclude, and enter into with the Secretary of State in Council, and carry into effect contracts and agreements with respect to all or any of the matters therein particularly mentioned (which included powers to make and enter into all the agreements and stipulations hereinafter contained) :

And whereas further moneys being required, in addition to the said sums of 500,000 *l.*, 250,000 *l.*, and 1,000,000 *l.*, for proceeding with the construction of the said lines of railway, the said Railway Company, with the sanction of the Secretary of State in Council, raised the sum of 300,000 *l.*, and subsequently a further sum of 250,000 *l.* (making together the sum of 550,000 *l.*) on loan upon debentures of the said Railway Company, bearing interest at the rate of 5 *l.* per cent. per annum, the principal moneys and interest being guaranteed and payable by the Secretary of State in Council, under the provisions of an Indenture bearing date the 26th day of January 1861, and made between the Secretary of State in Council, of the one part, and the said Railway Company, of the other part :

And whereas further moneys being required for proceeding with the construction of the said lines of railway, the said Railway Company, with the sanction of the Secretary of State in Council, not only raised the further sum of 300,000 *l.* on loan upon debentures of the said Railway Company, bearing interest at the rate of 5 *l.* per cent. per annum, the principal moneys and interest being guaranteed and payable by the Secretary of State in Council, under the provisions of an Indenture bearing date the 17th day of November 1862, and made between the Secretary of State in Council, of the one part, and the said Railway Company, of the other part, but also raised the further sum of 900,000 *l.*, by shares in the capital of the said Railway Company, upon which interest at the rate of 5 *l.* per cent. per annum, during the said determinable term of 99 years, was secured to be paid by the Secretary of State in Council, under the provisions of an Indenture, dated the 30th day of June 1863, and made between the Secretary of State in Council, of the one part, and the said Railway Company, of the other part :

And whereas in addition to the said sums of 500,000 *l.*, 250,000 *l.*, 1,000,000 *l.*, and 900,000 *l.* (making together the sum of 2,650,000 *l.*), raised by shares in the capital of the said Railway Company, and the said sums of 300,000 *l.*, 250,000 *l.*, and 300,000 *l.* (making together the sum of 850,000 *l.*), raised by loan as aforesaid, further moneys are required for proceeding with the construction of the said lines of railway and of stations for the same; and the Secretary of State in Council, with the concurrence of a majority of votes at a meeting of the Council, has agreed to pay interest at the rate of 5 *l.* per cent. per annum during said determinable term of 99 years on the further sum of 1,000,000 *l.*, to be provided by the said Railway Company under and subject to the stipulations and agreements contained in the hereinbefore recited Indenture of the 2nd day of February 1859 :

And whereas the said Railway Company have already paid into the Bank of England, to the credit of the Secretary of State in Council, the sum of 773,657 *l.* 10 *s.* in part of the said further sum of 1,000,000 *l.* :

Now

Now THIS INDENTURE WITNESSETH, that in consideration of the premises, the Secretary of State in Council doth hereby (so far as the covenants and agreements hereinafter contained are to be observed and performed on the part of the Secretary of State in Council for the time being) covenant with the said Bombay, Baroda, and Central India Railway Company and their successors, and the said Bombay, Baroda, and Central India Railway Company do hereby for themselves and their successors (so far as the covenants and agreements hereinafter contained are to be observed and performed by them), covenant with the Secretary of State in Council in manner following (that is to say) :—

1. That in addition to the interest payable under the said Indentures of the 21st day of November 1855, the 1st day of February 1859, the 2nd day of February 1859, and the 30th day of June 1863 respectively on the said sums of 500,000 *l.*, 250,000 *l.*, 1,000,000 *l.*, and 900,000 *l.* respectively, and in addition also to the interest payable under the said Indentures of the 26th day of January 1861, and the 17th day of November 1862, on the said sums of 300,000 *l.*, and 250,000 *l.* (making together the said sum of 550,000 *l.*), and the said sum of 300,000 *l.* respectively, there shall from time to time during the residue for the time being of the said determinable term of 99 years be paid out of the revenues of India to the said Railway Company in London, half-yearly, on the 30th day of June and the 31st day of December in every year, interest at the rate of 5 *l.* per centum per annum on the said further capital sum of 1,000,000 *l.*, or on such parts thereof as shall for the time being have been paid into the Bank of England to the account of the Secretary of State in Council, such interest being considered in the first instance as running from the day on which the same shall have been so paid.

2. That the said Railway Company shall pay into the Bank of England to the credit of the account of the Secretary of State in Council, such sums of money as shall together, with the said sum of 773,657 *l.* 10 *s.* already paid as aforesaid, make up in all the sum of 1,000,000 *l.* by such instalments, and at such times as the Secretary of State in Council may require.

3. That the several clauses, stipulations, and provisions of the said Indentures of the 2nd day of February 1859, shall remain in full force and effect, and shall hereafter be construed and take effect in the same manner as if throughout the said Indenture of the 2nd day of February 1859, the sum of 2,900,000 *l.*, being the amount of the said three several sums of 1,000,000 *l.*, 900,000 *l.*, and 1,000,000 *l.* had been inserted in the place or stead of the said sum of 1,000,000 *l.* in the said Indenture mentioned.

In witness whereof, Colonel William Erskine Baker, and Sir Proby Thomas Cautley, being two members of the Council of India, have hereunto set their hands and seals, and the said Railway Company have caused their Common Seal to be affixed the day and year first above written.

CONTRACT between the SECRETARY of STATE in Council and the BOMBAY, BARODA, and CENTRAL INDIA RAILWAY COMPANY, dated 12th May 1865.

THIS INDENTURE made the 12th day of May 1865, between the SECRETARY of STATE in Council of the one part, and the BOMBAY, BARODA, and CENTRAL INDIA RAILWAY COMPANY, incorporated by the Bombay, Baroda, and Central India Railway Act, 1855, made and passed in the Session of the 18th and 19th years of Her present Majesty, and now incorporated under the provisions of the Bombay, Baroda, and Central India Railway Act, 1859, made and passed in the Session of the 22nd and 23rd years of Her Majesty, of the other part :

WHEREAS the said Bombay, Baroda, and Central India Railway Company was incorporated by the said first mentioned Act for the purpose of making, working, and maintaining such railway or railways in India as might be agreed upon by the said Railway Company and the East India Company :

And whereas, by an Indenture of contract bearing date the 21st day of Novem-

ber 1855, and made between the East India Company of the one part and the said Railway Company of the other part, it was, amongst other things, agreed that the said Railway Company should construct and open a line of railway to commence at Surat and proceed to Baroda and Ahmedabad, the sum raised or to be raised by the said Railway Company in the first instance being 500,000 *l.*, and that the land required for the purpose of the said railway should be provided by the East India Company, and that upon the completion of the said line of railway, or of any part or parts thereof required by the East India Company to be first completed, the land required for the completed line and for the works and conveniences thereto belonging should be leased to the said Railway Company by the East India Company for the term of 99 years from the 12th day of May 1855, determinable by surrender or purchase or re-entry as in the said Indenture mentioned, and that the East India Company should pay to the said Railway Company in London, on the 30th day of June and the 31st day of December in every year during the said determinable term, interest at the rate of 5 *l.* per cent. per annum on the said sum of 500,000 *l.*, or on such part thereof as should for the time being have been paid as therein mentioned by the said railway company to the East India Company :

And whereas the said line of railway from Surat to Baroda was commenced by the said Railway Company under the direction of the East India Company :

And whereas, under the provisions of the Act of the 21st and 22nd years of Her Majesty, chapter 106, intituled "An Act for the better Government of India," the benefit of the hereinbefore recited contract became vested in Her Majesty for the purposes of the Government of India, and, save as otherwise provided by the said Act, one of Her Majesty's principal Secretaries of State has and may perform all such and the like powers and duties relating to the Government or revenues of India as might or should have been exercised or performed by the East India Company, and the Secretary of State in Council with the concurrence of a majority of votes at a meeting of the Council of India has full power to enter into any contracts whatsoever as may be thought fit for the purposes of that Act; and all moneys payable in respect of the said indenture of contract, and all liabilities to be contracted on account of the Government of India, are charged and chargeable on the revenues of India :

And whereas, by an Indenture bearing date the 1st day of February 1859, and made between the Secretary of State in Council of the one part and the said Railway Company of the other part, the Secretary of State in Council covenanted with the said Railway Company for payment out of the revenues of India of interest at the rate of 5 *l.* per cent. per annum during the said determinable term of 99 years on the sum of 250,000 *l.* to be provided by the said Railway Company for the purposes of the said Indenture of the 21st day of November 1855, in addition to the said sum of 500,000 *l.* :

And whereas, by an Indenture bearing date the 2nd day of February 1859, and made between the same parties as the last hereinbefore recited Indenture, it was, amongst other things, agreed that the said Railway Company should construct and open a line of railway to commence at Bombay and to proceed to Surat so as to form a junction with the said line from Surat to Baroda, at an estimated cost of 1,000,000 *l.* or thereabouts, and that the land required for the purpose of the said railway should be provided by the Secretary of State in Council, and that upon the completion of the said line of railway from Bombay to Surat, or of any part or parts thereof as required by the Secretary of State in Council to be first completed, the land required for the completed line and for the works and conveniences thereto belonging should be leased to the said Railway Company by the Secretary of State in Council for the term of 99 years from the 1st day of May 1855, determinable by surrender or purchase or re-entry as in the said Indenture mentioned; and that the Secretary of State in Council should, in addition to the interest payable under the provisions of the said Indentures of the 21st day of November 1855 and the 1st day of February 1859, pay to the said Railway Company on the 30th day of June and the 31st day of December in every year during the said determinable term; interest at the rate of 5 *l.* per cent. per annum on the said sum of 1,000,000 *l.* or on such part thereof as should for the time being have been paid as therein mentioned by the said Railway Company, and that the moneys required for the said lines of railway and works constructed and to be constructed under the said Indenture of the 21st day of November 1855 and the Indenture now in recital or otherwise as therein mentioned

tioned in excess of the said several sums of 500,000 *l.*, 250,000 *l.*, and 1,000,000 *l.*, should be raised and paid by the said Railway Company into the Bank of England to the credit of the account of the Secretary of State in Council, and that the Secretary of State in Council should from time to time during the then residue of the said determinable term of 99 years pay to the said Railway Company half-yearly on the days aforesaid, interest on such excess at such rate as should be agreed upon, and in the said Indenture were contained various other clauses and provisions not necessary to be here recited :

And whereas, by the said Act of Parliament of the 22nd and 23rd years of Her Majesty, after repealing the said Act of the 18th and 19th years of Her Majesty, it was provided that notwithstanding such repeal the said Railway Company should be and continue, as from the time of the original incorporation thereof, incorporated by the name of "The Bombay, Baroda and Central India Railway Company," with power to make, maintain, regulate, work, and use the railway then being constructed under the provisions of the said Indentures of the 21st day of November 1855 and the 2nd day of February 1859, and any other railways by that Act authorised to be made and maintained. And it was thereby also provided that the hereinbefore recited Indentures should remain in force. And it was thereby also provided that the said Railway Company from time to time might negotiate or conclude and enter into with the Secretary of State in Council and carry into effect contracts and agreements with respect to all or any of the matters therein particularly mentioned (which included powers to make and enter into all the agreements and stipulations hereinafter contained) :

And whereas, further moneys being required in addition to the said sums of 500,000 *l.*, 250,000 *l.*, and 1,000,000 *l.*, for proceeding with the construction of the said lines of railway, the said Railway Company with the sanction of the Secretary of State in Council, raised the sum of 300,000 *l.*, and subsequently a further sum of 250,000 *l.* (making together the sum of 550,000 *l.*) on loan upon debentures of the said Railway Company, convertible into shares or stock of the said Railway Company, and bearing interest at the rate of 5 *l.* per cent. per annum, the principal moneys and interest being guaranteed and payable by the Secretary of State in Council under the provisions of an Indenture bearing date the 26th day of January 1861, and made between the Secretary of State in Council of the one part and the said Railway Company of the other part :

And whereas, further moneys being required for proceeding with the construction of the said lines of railway, the said Railway Company, with the sanction of the Secretary of State in Council, not only raised the further sum of 300,000 *l.* on loan upon debentures of the said Railway Company convertible into shares or stock, and bearing interest at the rate of 5 *l.* per cent. per annum, the principal moneys and interest being guaranteed and payable by the Secretary of State in Council under the provisions of an Indenture bearing date the 17th day of November 1862, and made between the Secretary of State in Council of the one part and the said Railway Company of the other part, but also raised the further sum of 900,000 *l.* by shares in the capital of the said Railway Company, upon which interest at the rate of 5 *l.* per cent. per annum during the said determinable term of 99 years was secured to be paid by the Secretary of State in Council under the provisions of an indenture dated the 30th day of June 1863, and made between the Secretary of State in Council of the one part and the said Railway Company of the other part :

And whereas, in order to provide further moneys required for proceeding with the said lines of railway, the said Railway Company, with the sanction of the Secretary of State in Council, raised the further sum of 1,000,000 *l.* by shares in the capital of the said Railway Company, upon which interest at the rate of 5 *l.* per cent. per annum during the said determinable term of 99 years was secured to be paid by the Secretary of State in Council under the provisions of an Indenture dated the 2nd day of July 1863, and made between the Secretary of State in Council of the one part and the said Railway Company of the other part :

And whereas, in addition to the said sums of 500,000 *l.*, 250,000 *l.*, 1,000,000 *l.*, 900,000 *l.*, and 1,000,000 *l.* (making together the sum of 3,650,000 *l.*) raised by shares in the capital of the said Railway Company, and the said sums of 300,000 *l.*, 250,000 *l.*, and 300,000 *l.* (making together the sum of 850,000 *l.*) raised by loan as aforesaid, further moneys were required for proceeding with the construction

of the said lines of railway, and the providing of rolling stock for effectually working the same, and in the month of November 1863 the Secretary of State in Council authorised the said Railway Company to raise the further sum of 500,000*l.* by loan upon debentures of the said Railway Company, bearing interest at the rate of 4*l.* 10*s.* per cent. per annum, the principal moneys to be repaid at the expiration of seven years, and the same and interest being guaranteed and payable by the Secretary of State in Council :

And whereas, the said Railway Company found themselves unable to raise more than a small sum in respect of the said sum of 500,000*l.* upon the terms authorised by the Secretary of State in Council as last aforesaid : And in the month of March last, the Secretary of State in Council limited the amount to be raised upon such terms to the sum of 100,000*l.* in lieu of the said sum of 500,000*l.*, and at the same time gave authority to the said Railway Company to raise the further sum of 500,000*l.* by shares in the capital of the said Railway Company, upon which interest at the rate of 5*l.* per cent. per annum during the said determinable term of 99 years should be guaranteed and paid by the Secretary of State in Council :

And whereas, previously to the day of the date of these presents, the sum of 71,100*l.* in respect of the said sum of 100,000*l.* authorised to be raised on loan as aforesaid, has been advanced by various persons in various sums respectively upon the terms next hereinafter mentioned, and has been paid into the Bank of England to the credit of the Secretary of State in Council :

And whereas, in accordance with the proposals for the last-mentioned loan, the said Railway Company have created and issued bonds or obligations denominated debentures under the seal of the said Company, countersigned by three of the directors thereof, and by one of the Under Secretaries of State for India, and bearing date the 15th day of January 1864, whereby the said Company have bound themselves and their successors to pay to the said persons respectively their executors, administrators, or assigns the principal sums so advanced by them respectively as aforesaid on the 15th day of January 1871, and to pay interest half-yearly on the said principal sums at the rate of 4*l.* 10*s.* per cent. per annum on the 15th day of July and the 15th day of January in each year on presentation only at the Union Bank of London, or other the banker for the time being of the said Company of the coupons annexed to such debentures respectively :

And whereas the said Railway Company have already paid into the Bank of England to the credit of the Secretary of State in Council the sum of 410,297*l.* in part of the said further sum of 500,000*l.* authorised to be raised by shares as aforesaid.

And whereas, in addition to the said sums hereinbefore stated to have been raised or authorised to be raised, further moneys are required for the completion of the said lines of railway and the providing of rolling stock for the same, and the Secretary of State in Council has lately authorised the said Railway Company to raise the further sum of 400,000*l.* by loan, at interest at the rate of 5*l.* per cent. per annum, the principal moneys and interest being guaranteed and payable by the Secretary of State in Council, and otherwise on the terms hereinafter mentioned :

And whereas, the said Railway Company in pursuance of the authority so given, have issued proposals for a loan for the further sum of 400,000*l.* on the terms hereinafter mentioned, and previously to the day of the date of these presents, the sum of 384,150*l.* part of such further sum of 400,000*l.* has been advanced by various persons in various sums respectively, and has been paid into the Bank of England to the credit of the account of the Secretary of State in Council :

And whereas, in accordance with the said proposals, the said Railway Company have created and issued bonds or obligations denominated debentures under the seal of the said Company, countersigned by three of the directors thereof, and by one of the Under Secretaries of State for India, and bearing date the 1st day of January 1865, whereby the said Company have bound themselves and their successors to pay to the said persons respectively their respective executors, administrators, or assigns, the principal sums so advanced by them respectively as aforesaid on the 1st day of January 1870, and to pay interest half-yearly on the said principal sums at the rate of 5*l.* per cent. per annum, on the 1st day of July and the 1st day of January in each year, on presentation only at the Union Bank of London, or other the banker for the time being of the said Company of the coupons annexed to such debentures respectively : And by each such debenture,

ture, it is declared that the proprietor for the time being thereof, may on giving six calendar months notice in writing to the secretary of the Company previously to the 1st day of January 1870, have the time of the repayment of the principal sum postponed until the 1st day of January 1875, and may in that case require to be provided with additional coupons for the half-yearly payment of interest thereon in the meantime, after the rate of 5 *l.* per cent. per annum, and is to have the option at any time before the sum thereby secured becomes payable, except during the period therein mentioned to exchange the debenture for an equivalent amount of shares of stock of the Company upon which interest at the rate of 5 *l.* per cent. per annum is guaranteed by the Secretary of State in Council on leaving with the secretary of the Company at the offices of the Company in London, one calendar month's notice thereof in writing, and at the same time delivering up the debenture with such of the coupons as have not then fallen due, and executing, if required by the directors of the Company, such acceptance of the shares or other documents as may in their opinion be necessary, and having so done, such proprietor will be entitled to all the privileges and advantages of a registered proprietor of shares in the Company :

And whereas, the covenants hereinafter contained on the part of the Secretary of State in Council are entered into with the concurrence of a majority of votes at a meeting of the Council of India :

NOW THIS INDENTURE WITNESSETH that in consideration of the premises the Bombay, Baroda, and Central India Railway Company do hereby for themselves and their successors (so far as the covenants and agreements hereinafter contained are to be observed and performed by them) covenant with the Secretary of State in Council, and the Secretary of State in Council doth hereby (so far as the covenants and agreements hereinafter contained are to be observed and performed by the Secretary of State in Council for the time being) covenant with the Bombay, Baroda and Central India Railway Company, and their successors in manner following (that is to say) :—

1. That the said Railway Company shall and will from time to time until the whole of the said further sum of 100,000 *l.* authorised to be raised on loan as aforesaid shall have been advanced, and also shall and will from time to time, until the whole of the said further sum of 400,000 *l.* authorised to be raised on loan as aforesaid shall have been advanced, receive sums of money on loan from any persons respectively willing to advance the same, in respect of the said sums of 100,000 *l.* and 400,000 *l.* respectively, and shall and will forthwith pay any sum so received into the Bank of England to the credit of the account of the Secretary of State in Council, and shall and will create and issue to the said persons by whom moneys shall be advanced in respect of the said sum of 1,000,000 *l.* debentures for securing the principal moneys advanced by them respectively, and the interest thereon, on the same terms and containing the same provisions and declarations as the said debentures of the 15th day of January, 1864, already created and issued as hereinbefore mentioned. And shall and will create and issue to the said persons by whom moneys shall be advanced in respect of the said sum of 400,000 *l.* debentures for securing the principal moneys advanced by them respectively, and the interest thereon, on the same terms and containing the same provisions and declarations as the said debentures of the 1st day of January 1865, already created and issued as hereinbefore mentioned.

2. That the Secretary of State in Council shall and will as often as, and when the interest at the rate of 4 *l.* 10 *s.* per cent. per annum on the debentures issued in respect of the said sum of 100,000 *l.*, or any part thereof, shall become due, and also as often as and when the interest at the rate of 5 *l.* per cent. per annum on such of the debentures issued in respect of the said sum of 400,000 *l.*, or any part thereof, as shall not previously to the time of payment of interest have been exchanged for shares or stock shall become due, duly pay out of the revenues of India into the Union Bank of London, or other the bankers for the time being of the said Company, to an account to be called "The Bombay, Baroda, and Central India Railway Debenture Account," the aggregate amount of such interest as a fund to meet and provide for the payment of such interest, and shall and will on the said 15th day of January 1871, duly pay out of the revenues of India to the same account the amount of the principal sums payable on the said debentures issued in respect of the said sum of 100,000 *l.*, or any part thereof, as a fund to meet

meet and provide for the payment of such principal sums, and also shall and will on the 1st day of January 1870, duly pay out of the revenues of India to the same account the amount of the principal sums payable on such of the said debentures issued in respect of the said sum of 400,000 *l.*, or any part thereof, as shall not previously to such day have been renewed, so as to postpone the time of payment, or exchanged for shares or stock, in accordance with the terms of such debentures as a fund to meet and provide for the payment of such last-mentioned principal sums. And also shall and will on the 1st day of January 1875, duly pay out of the revenues of India to the same account the amount of the principal sums payable on such of the said debentures issued in respect of the said sum of 400,000 *l.*, or any part thereof as shall have been renewed as aforesaid, and shall not previously to such last-mentioned day have been exchanged for shares or stock as a fund to meet and provide for the payment of such last-mentioned principal sums, and the moneys so to be paid to the said account as hereinbefore mentioned shall be applied to the payment of such interest and principal accordingly. And that the Secretary of State in Council shall and will at all times hereafter (the costs and charges being defrayed out of the revenues of India) well and sufficiently protect, save harmless, and keep indemnified, the said Bombay, Baroda and Central India Railway Company, and their lands, tenements, goods, chattels, and effects whatsoever, of, from, and against all actions, suits, losses, costs, charges, damages and expenses whatsoever which they shall or may suffer, sustain, expend, or be put unto, or which shall or may be commenced, instituted, sued or prosecuted against them, by reason, or in consequence of the said debentures respectively, or any of them.

3. That, upon the holder of any of the said debentures issued in respect of the said sum of 400,000 *l.*, availing himself of the option given to him under the terms of his debenture, and exchanging the said debenture for shares or stock in the capital of the company to the same amount, the nominal amount of such shares or stock shall be deemed to be part of the capital of the company, and the Secretary of State in Council shall, during the then residue of the said determinable term of 99 years, from the 1st day of May 1855, pay out of the revenues of India to the said Railway Company in London, half-yearly, on the 30th day of June and the 31st day of December in every year, interest at the rate of 5 *l.* per cent. per annum on the capital sum represented by the debentures which shall have been so exchanged, such interest being considered, in the first instance, as running from the last day on which interest shall have become payable on the said debenture, previously to the exchange thereof for shares or stock.

4. That the sums hereinbefore agreed to be paid by the Secretary of State in Council for interest, as aforesaid, shall be in full satisfaction of all interest which, under the said indentures of the 21st day of November 1855 and the 1st and 2nd days of February 1859, respectively, would or might become payable in respect of the principal moneys raised by the said debentures respectively, and paid into the Bank of England, to the credit of the account of the Secretary of State in Council as aforesaid.

5. That the provision contained in the said Indenture of the 2nd day of February 1859, concerning the application of the half-yearly net receipts of the said railways, in payment of the interest therein mentioned, so as to exonerate the revenues of India from the same, and concerning the application of one-half of the surplus of such net receipts in the repayment of any sums previously paid for interest, with simple interest on such sums, at the rate of 5 *l.* per cent. per annum, shall apply to the interest hereinbefore agreed to be paid as aforesaid.

6. That it shall be lawful for the Secretary of State in Council, at any time and from time to time, by notice in writing to the said Railway Company, to require that all or any moneys which, under the covenant in that behalf hereinbefore contained, shall have been paid by the Secretary of State in Council, in satisfaction of the principal moneys secured by any debentures issued in respect of the said sum of 100,000 *l.*, or in satisfaction of the principal moneys secured by such of the said debentures issued in respect of the said sum of 400,000 *l.*, as shall not be exchanged for shares or stock, shall be treated and considered as capital contributed by the Secretary of State in Council, out of the revenues of India, to the joint stock of the Bombay, Baroda, and Central India Railway Company; and forthwith, upon any such requisition being made, such number
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of fully paid up shares of 20 *l.* each, or such amount of stock as shall represent the sum specified in such notice, shall be placed and registered in the name or names of such person or persons, as trustee or trustees for Her Majesty, on account of the Government of India, as shall be named in such notice; and the nominal amount of such shares or stock so issued shall be deemed to have been paid by the said Railway Company into the Bank of England on the day on which the principal moneys referred to in such notice shall have become payable. And the Secretary of State in Council shall thenceforth, during the residue of the said determinable term of 99 years, pay to the said Railway Company in London, half-yearly, on the 30th day of June and the 31st day of December in every year, interest at the rate of 5 *l.* per cent. per annum on the nominal amount of the said shares or stock, from the time when the said nominal amount shall be so deemed to have been paid into the Bank of England as aforesaid. And the provision referred to in the 5th clause hereof shall apply to the interest so paid, and the nominal amount of such shares or stock shall for all purposes be thenceforth deemed to be part of the capital of the company.

7. That, in addition to the interest payable under the said Indentures of the 21st day of November 1855, the 1st day of February 1859, the 2nd day of February 1859, the 30th day of June 1863, and the 2nd day of July 1863, respectively, on the said sums of 500,000 *l.*, 250,000 *l.*, 1,000,000 *l.*, 900,000 *l.*, and 1,000,000 *l.* respectively. And, in addition to the interest payable under the said Indentures of the 26th day of January 1861 and the 17th day of November 1862, on the said sums of 300,000 *l.* and 250,000 *l.* (making, together, the said sum of 550,000 *l.*), and the said sum of 300,000 *l.* respectively; and, in addition also to the interest payable under the covenants in that behalf hereinbefore contained, there shall, from time to time, during the residue for the time being of the said determinable term of 99 years, be paid out of the revenues of India to the said Railway Company, in London, half-yearly, on the 30th day of June and the 31st day of December, in every year, interest at the rate of 5 *l.* per cent. per annum on the said further capital sum of 500,000 *l.*, or on such part thereof as shall, for the time being, have been paid into the Bank of England, to the account of the Secretary of State in Council; such interest being considered, in the first instance, as running from the day on which the same shall have been so paid.

8. That the said Railway Company shall pay into the Bank of England to the credit of the account of the Secretary of State in Council such sums of money as shall, together with the said sum of 460,297 *l.* already paid in part thereof as aforesaid, make up in all the sum of 500,000 *l.* by such instalments and at such times as the Secretary of State in Council may require.

9. That, subject to the provisions herein contained, and subject also as respects the said Indenture of the 21st day of November 1855 to the operation of the said Act of the 21st and 22nd years of Her Majesty, the covenants and provisions of the said Indenture of the 21st day of November 1855, the 1st day of February 1859, the 2nd day of February 1859, the 26th day of January 1861, the 22nd day of November 1861, the 7th day of November 1862, the 30th day of June 1863, and the 2nd day of July 1863 respectively, shall be and remain in full force and effect, and shall apply to payments to be made and matters to be done in pursuance of these presents, so far as the same respectively relate to any such payments or matters, and are not inconsistent herewith, and that the several clauses, stipulations, and provisions of the said Indenture of the 2nd day of February 1859 shall hereafter be considered and take effect in the same manner as if throughout the said Indenture of the 2nd day of February 1859 the sum of 3,400,000 *l.*, being the amount of the said four several sums of 1,000,000 *l.*, 900,000 *l.*, 1,000,000 *l.*, and 500,000 *l.*, had been inserted in the place or stead of the said sum of 1,000,000 *l.* in the said Indenture mentioned.

In witness whereof, Colonel William Erskine Baker and Sir Henry Conyngham Montgomery, Baronet, being two Members of the Council of India, have hereunto set their hands and seals, and the said Railway Company have caused their common seal to be affixed the day and year first above written.

CONTRACT between the **SECRETARY** of **STATE** in **Council** and the **BOMBAY, BARODA, and CENTRAL INDIA RAILWAY COMPANY**, dated 29th May 1868.

THIS INDENTURE made the 29th day of May 1868, between the **SECRETARY** of **STATE** in **Council** of **India** of the one part, and the **BOMBAY, BARODA, and CENTRAL INDIA RAILWAY COMPANY** incorporated by "The **Bombay, Baroda, and Central India Railway Act, 1855**," made and passed in the Session of the 18th and 19th years of Her present Majesty, and now incorporated under the provisions of "The **Bombay, Baroda, and Central India Railway Act, 1859**," made and passed in the Session of the 22nd and 23rd years of Her present Majesty of the other part.

WHEREAS the said **Bombay, Baroda, and Central India Railway Company** was incorporated by the said first-mentioned Act for, amongst other purposes, the making, working and maintaining such railway or railways in **India** as might be agreed upon by the said **Railway Company** and the **East India Company** :

And whereas, by an Indenture of contract bearing date the 21st day of **November 1855**, and made between the **East India Company** of the one part, and the said **Railway Company** of the other part, it was, amongst other things, agreed that the said **Railway Company** should construct and open a line of railway to commence at **Surat** and to proceed to **Baroda** and **Ahmedabad**, the capital raised or to be raised by the said **Railway Company** for the purposes of the same Indenture being the sum of **500,000 l.** And it was also agreed that the land required for the purpose of the said railway should be provided by the **East India Company**, and that upon the completion of the said line of railway or of any part or parts thereof which should be required by the **East India Company** to be first completed, the land required for the completed line and for the works and conveniences thereto belonging should be leased to the said **Railway Company** by the **East India Company** for the term of **99 years** from the 1st day of **May 1855** determinable by surrender or purchase or re-entry, as in the said Indenture mentioned, and that the **East India Company** should pay to the said **Railway Company** in **London**, on the 30th day of **June** and the 31st day of **December** in every year during the said determinable term, interest at the rate of **5 l. per cent. per annum** on the said sum of **500,000 l.**, or on such part thereof as should for the time being have been paid, as therein mentioned, by the said **Railway Company** :

And whereas, under the provisions of the Act of the 21st and 22nd years of Her Majesty, c. 106, intituled "An Act for the better Government of **India**," the benefit of the contract made by the hereinbefore recited Indenture became vested in Her Majesty for the purposes of the Government of **India** and save as otherwise provided by the same Act, one of Her Majesty's Principal Secretaries of State has and may exercise and perform all such and the like powers and duties relating to the Government or revenues of **India**, as might or should have been exercised or performed by the **East India Company**, and the Secretary of State in Council with the concurrence of a majority of votes at a meeting of the Council of **India** has full power to enter into any contracts whatsoever which may be thought fit for the purposes of the same Act, and all moneys payable in respect of the hereinbefore recited Indenture, and all liabilities to be contracted on account of the Government of **India** are charged and chargeable on the revenues of **India** :

And whereas, by an Indenture bearing date the 1st day of **February 1859**, and made between the Secretary of State in Council of the one part, and the said **Railway Company** of the other part, the Secretary of State in Council covenanted with the said **Railway Company** for payment out of the revenues of **India** of interest at the rate of **5 l. per cent. per annum** during the said determinable term of **99 years** on the sum of **250,000 l.**, to be provided by the said **Railway Company** for the purposes of the said Indenture of the 21st day of **November 1855**, in addition to the said sum of **500,000 l.** :

And whereas, by an Indenture bearing date the 2nd day of **February 1859**, and made between the same persons as were parties to the last hereinbefore recited Indenture, it was, amongst other things, agreed that the said **Railway Company** should construct and open a line of railway to commence at **Bombay** and

and to proceed to Surat, so as to form a junction with the said line from Surat to Baroda, at an estimated cost of 1,000,000 *l.* or thereabouts, and that the land required for the purpose of the said railway should be provided by the Secretary of State in Council, and that upon the completion of the said line of railway from Bombay to Surat, or of any part or part thereof which should be required by the Secretary of State in Council to be first completed, the land required for the completed line and for the works and conveniences thereto belonging, should be leased to the said Railway Company by the Secretary of State in Council for the term of 99 years from the 1st day of May 1855, determinable by surrender or purchase or re-entry, as in the Indenture now in recital is mentioned, and that the Secretary of State in Council should in addition to the interest payable under the said Indentures of the 21st day of November 1855 and the 1st day of February 1859 respectively, pay to the said Railway Company on the 30th day of June and the 31st day of December in every year during the said determinable term, interest at the rate of 5 *l.* per centum per annum on the said sum of 1,000,000 *l.*, or on such part thereof as should for the time being have been paid as therein mentioned, by the said Railway Company, and that the moneys required for the said lines of railway and the works constructed and to be constructed under the said Indenture of the 21st day of November 1855 and the Indenture now in recital, or otherwise as therein mentioned, in excess of the said several sums of 500,000 *l.*, 250,000 *l.*, and 1,000,000 *l.*, should be raised and paid by the said Railway Company into the Bank of England to the credit of the account of the Secretary of State in Council, and that the Secretary of State in Council should from time to time during the then residue of the said determinable term of 99 years pay to the said Railway Company half-yearly, on the days aforesaid, interest on such excess at such rate as should be agreed upon. And it was thereby agreed that the railway and other works to be constructed under the said Indenture of the 21st day of November 1855, and the said railway from Bombay to Surat, should be made and maintained as one line of railway and as one undertaking, and in order to carry such intention into effect it was agreed that certain clauses contained in the said Indenture of the 21st day of November 1855 and specified in the Indenture now in recital, should be superseded by certain corresponding clauses contained in the Indenture now in recital :

And whereas by the said Act of Parliament of the 22nd and 23rd years of Her Majesty, the said Act of the 18th and 19th years of Her Majesty was repealed, and it was provided that notwithstanding such repeal the said Railway Company should be and continue as from the time of the original incorporation thereof, incorporated by the name of "The Bombay, Baroda, and Central India Railway Company," with power to make, maintain, regulate, work, and use the railway then being constructed under the provisions of the said Indentures of the 1st day of November 1855, and the 2nd day of February 1859, and any other railways, by the Act now in recital, authorised to be made and maintained ; and it was thereby also provided that the hereinbefore recited Indentures should remain in force ; and that the said Railway Company might, from time to time, negotiate for, conclude, and enter into with the Secretary of State in Council, and carry into effect, contracts and agreements with respect to all or any of the matters therein particularly mentioned which included powers to make and enter into all the agreements and stipulations hereinafter contained :

And whereas further moneys being required in addition to the said sums of 500,000 *l.*, 250,000 *l.*, and 1,000,000 *l.*, for constructing the said lines of railway, the said Railway Company with the sanction of the Secretary of State in Council raised the sum of 300,000 *l.*, and subsequently a further sum of 250,000 *l.* (making together the sum of 550,000 *l.*) on loan upon debentures of the said Railway Company, convertible into shares or stock of the said Railway Company, and bearing interest at the rate of 5 *l.* per cent. per annum, the principal moneys and interest being guaranteed by the Secretary of State in Council by an Indenture bearing date the 26th day of January 1861, and made between the Secretary of State in Council of the one part, and the said Railway Company of the other part :

And whereas further moneys being required for constructing the said lines of railway, the said Railway Company with the sanction of the Secretary of State in Council raised the further sum of 300,000 *l.* on loan upon debentures of the said Railway Company, renewable and convertible into shares or stock, and bearing interest at the rate of 5 *l.* per cent. per annum, the principal moneys and interest being guaranteed by the Secretary of State in Council by an Indenture

bearing date the 7th day of November 1862, and made between the Secretary of State in Council of the one part and the said Railway Company of the other part, and the said Railway Company with the like sanction also raised the further sum of 900,000 £. by shares in the capital of the said Railway Company, upon which interest at the rate of 5 £. per cent. per annum during the said determinable term of 99 years, was guaranteed by the Secretary of State in Council by an Indenture bearing date the 30th day of June 1863, and made between the Secretary of State in Council of the one part and the said Railway Company of the other part, and the said Railway Company with the like sanction also raised the further sum of 1,000,000 £. by shares in the capital of the said Railway Company, upon which interest at the rate of 5 £. per centum per annum during the said determinable term of 99 years, was guaranteed by the Secretary of State in Council by an Indenture bearing date the 2nd day of July 1863, and made between the Secretary of State in Council of the one part and the said Railway Company of the other part:

And whereas further moneys being required for constructing the said lines of railway and for providing rolling stock for the same; and the said Railway Company with the sanction of the Secretary of State in Council raised the further sum of 1,000,000 £. on loan upon debentures of the said Railway Company bearing interest at the rate of 4 £. 10 s. per centum per annum, and also the further sum of 400,000 £. on loan upon debentures of the said Railway Company renewable and convertible into shares or stock and bearing interest at the rate of 5 £. per cent. per annum, the principal and interest of the same sums respectively being guaranteed by the Secretary of State in Council by an Indenture bearing date the 12th day of May 1865, and made between the Secretary of State in Council of the one part and the said Railway Company of the other part, and the said Railway Company with the like sanction also raised the further sum of 500,000 £. by shares in the capital of the said Railway Company, upon which interest at the rate of 5 £. per cent. per annum during the said determinable term of 99 years was also guaranteed by the Secretary of State in Council by the last mentioned Indenture:

And whereas the said Railway Company requiring further moneys for the purpose of their said railway, the Secretary of State in Council in the month of July 1865 sanctioned the raising by the said Railway Company of a further sum of 500,000 £. by the issue of shares in the capital of the said Railway Company and subsequently in the month of May 1866 he sanctioned the raising by the said Railway Company of a further sum of 500,000 £. upon such debentures as are hereinafter mentioned, and he also at the same time sanctioned the raising by the said Railway Company of a further sum of 500,000 £. by shares in the capital of the said Company, and in the month of December 1866 he sanctioned the raising by the said Railway Company of a further sum of 250,000 £. by shares in the capital of the said Railway Company, which last mentioned sum was in the month of June 1867, with the sanction of the Secretary of State in Council, increased to the sum of 500,000 £., and the Secretary of State in Council upon sanctioning the raising of the said sum of 500,000 £. so as aforesaid to be raised on debentures, agreed to guarantee the payment of the principal moneys and interest, to be secured by such debentures in manner hereafter mentioned; and upon his sanctioning the raising of the said sums of 500,000 £., 500,000 £., and 500,000 £., making together the sum of 1,500,000 £. so as aforesaid to be raised by shares, he agreed to guarantee the payment of interest at the rate and in the manner hereinafter mentioned on the same sums respectively:

And whereas the whole of the said sum of 500,000 £. so as aforesaid in the month of May 1866 authorised to be raised by debentures has been raised by the said Railway Company and been paid into the Bank of England to the credit of the account of the Secretary of State in Council, and each debenture for raising the last-mentioned sum was issued under the seal of the said Railway Company, countersigned by three of the directors thereof and by one of the Under Secretaries of State for India, and bore date the 1st day of July 1866, and whereby the said Railway Company bound themselves and their successors to pay to the obligees named in the debenture, their executors, administrators, or assigns, the principal sums advanced by them on the 1st day of July 1871, and to pay interest half-yearly on the said principal sums, at the rate of 5 £. per centum per annum, on the 1st day of July and the 1st day of January in every year, on presentation only at the Union Bank of London, or other the bankers for the time being of the

the said Railway Company, of the coupons annexed to such debenture; and by each such debenture it was declared that the proprietor for the time being thereof might, on giving six calendar months' notice in writing to the secretary of the Company previously to the 1st day of January 1871, have the time of the repayment of the principal sum postponed until the 1st day of July 1876, and might in that case require to be provided with additional coupons for the half-yearly payment of interest thereon in the meantime, after the rate of 5 l. per cent. per annum, and was to have the option at any time before the sum thereby secured became payable, except during the period therein mentioned, to exchange the debenture for an equivalent amount in shares or stock of the Company upon which interest at the rate of 5 l. per cent. per annum was guaranteed by the Secretary of State in Council, on leaving with the Secretary of the Company at the offices of the Company in London notice thereof in writing, and at the same time delivering up the debenture with such of the coupons as should not have then fallen due, and executing, if required by the directors of the Company, such acceptance of the shares or other documents as might in their opinion be necessary; and having so done, such proprietor would be entitled to all the privileges and advantages of a registered proprietor of shares in the Company:

And whereas large sums of money on account and in part satisfaction of the said sum of 1,500,000 l. authorised in and subsequently to the month of May 1866 to be raised by shares, have from time to time been raised by the said Railway Company and paid into the Bank of England to the credit of the Secretary of State in Council, and the residue thereof is now in course of being raised by the said Railway Company, and is intended to be also paid into the Bank of England to the like credit:

And whereas of the said sum of 500,000 l., 7,600 l. so as aforesaid raised by debentures have been converted into and are now represented by the sum of 7,600 l. capital stock of the said Railway Company:

And whereas the covenants hereinafter contained on the part of the Secretary of State in Council are entered into with the concurrence of a majority of votes at a meeting of the Council of India:

NOW THIS INDENTURE WITNESSETH that, in consideration of the premises, the Bombay, Baroda, and Central India Railway Company do hereby for themselves and their successors (so far as the covenants and agreements hereinafter contained are to be observed and performed by them) covenant with the Secretary of State in Council, and the Secretary of State in Council doth hereby (so far as the covenants and agreements hereinafter contained are to be observed and performed by the Secretary of State in Council for the time being) covenant with the Bombay, Baroda, and Central India Railway Company and their successors in manner following (that is to say):—

1. That the Secretary of State in Council will as often as and when the interest at the rate of 5 l. per centum per annum in respect of such of the debentures representing the said sum of 500,000 l. so as aforesaid in the month of May 1866 authorised to be raised by the debentures, or any part thereof which shall not previously to the time of payment of interest have been exchanged for shares or stocks, according to the terms of the said debentures, shall become due, pay out of the revenues of India into the Union Bank of London or other the bankers for the time being of the said Railway Company, to an account called "The Bombay, Baroda, and Central India Railway Debenture Account," the aggregate amount of such interest as a fund to meet and provide for the payment of such interest, and will, on the said 1st day of July 1871, pay out of the revenues of India to the same account the amount of the principal money payable on such of the said debentures as shall not previously to such day have been renewed, so as to postpone the time of payment, or as shall not have been exchanged or been delivered up in order to be exchanged for shares or stocks in accordance with the terms of such debentures, as a fund to meet and provide for the payment of such last-mentioned principal sums; and also will in like manner, on the 1st day of July 1871, pay out of the revenues of India to the same account the amount of the principal sums payable on such of the said debentures as shall have been renewed according to the terms thereof, and as shall not previously to such last-mentioned day have been exchanged or been delivered up in order to be exchanged for shares or stock as a fund to meet and provide for the payment of such last-mentioned principal sums, and the moneys

to be paid to the said account under this clause shall be applied to the payment of such interest and principal accordingly, and the Secretary of State in Council will at all times hereafter (the costs and charges being defrayed out of the revenues of India) well and sufficiently protect, save harmless, and keep indemnified the said Railway Company and their lands, tenements, goods, chattels, and effects whatsoever from and against all actions, suits, losses, costs, charges, damages, and expenses whatsoever which they shall or may suffer, sustain, expend, or be put unto, or which shall or may be commenced, instituted, sued, or prosecuted against them by reason or in consequence of the said debentures or any of them.

2. That upon the holder of any of the said debentures availing himself of the option given to him by the terms of his debenture, and exchanging such debenture for shares or stock in the capital of the said Railway Company to the same amount, the nominal amount of such shares or stock shall be deemed to be part of the capital of the said Railway Company, and the Secretary of State in Council shall, during the then residue of the said determinable term of 99 years from the 1st day of May 1855, pay out of the revenues of India to the said Railway Company in London half-yearly on the 30th day of June and the 31st day of December in every year, interest at the rate of 5 l. per cent. per annum on the capital sum representing the debentures which shall have been so exchanged, such interest being considered in the first instance as running from the last day on which interest shall have become payable on the same debentures previously to the exchange thereof for stock.

3. That the sums hereinbefore agreed to be paid by the Secretary of State in Council for interest as aforesaid, shall be in full satisfaction of all interest which under the said Indentures of the 21st day of November 1855, and the 2nd day of February 1859, or either of such Indentures would or might become payable in respect of the principal moneys raised by the said debentures respectively, and paid into the Bank of England to the credit of the account of the Secretary of Council as aforesaid.

4. That the provisions contained in the said Indenture of the 2nd day of February 1859 concerning the application of the half-yearly net receipts of the said railways in payment of the interest therein mentioned so as to exonerate the revenues of India from the same, and concerning the application of half of the surplus of such net receipts in the repayment of any sums previously paid for interest, with simple interest on such sums at the rate of 5 l. per cent. per annum, shall apply to the interest hereby agreed to be paid on the said debentures by the Secretary of State in Council as aforesaid.

5. That it shall be lawful for the Secretary of State in Council at any time, and from time to time by notice in writing to the said Railway Company, to require that all or any moneys which under the covenant in that behalf hereinbefore contained shall have been paid by the Secretary of State in Council, in satisfaction of the principal sums secured by any of the said debentures, shall be treated and considered as capital contributed by the Secretary of State in Council out of the revenues of India to the joint stock of the said Railway Company; and forthwith upon any such requisition being made, a number of fully paid-up shares of 20 l. each, or a sum of stock of the said Railway Company, equal in amount to the moneys which shall have been so paid by the Secretary of State in Council, and which shall be specified in such notice, shall be placed and registered in the name or names of such person or persons as trustee or trustees for Her Majesty on account of the Government of India as shall be named in such notice, and the Secretary of State in Council on behalf of the Government of India shall on such registration be entitled to all such and the same rights, benefits, and advantages in respect of the same shares or stock as he would have been entitled to if such debentures had previously to the days on which they were respectively paid off, been exchanged by the holders thereof for shares or stock of the said Railway Company, and such shares or stock had on the same days respectively been transferred to such trustees as aforesaid for Her Majesty on account of the Government of India and the provisions contained in the said Indenture on the 2nd day of February 1859, concerning the application of the half-yearly net receipts of the said railways in payment of the guaranteed interest

interest so as to exonerate the revenues of India from the same, and concerning the application of half of the surplus of such net receipts in the payment of any sums previously paid for interest, with simple interest on such sums at the rate of 5 *l.* per cent. per annum, shall apply and have effect as to the interest guaranteed and payable on the shares or stock which shall have been so transferred to trustees for Her Majesty as aforesaid, it being intended that such shares and stock shall for all purposes be deemed to be and be part of the capital of the said Railway Company.

6. That, in addition to the interest payable under the said Indentures of the 21st day of November 1855, the 1st day of February 1859, the 2nd day of February 1859, the 30th day of June 1863, the 2nd day of July 1863, and the 12th day of May 1863, respectively, on the said sums of 500,000 *l.*, 250,000 *l.*, 1,000,000 *l.*, 900,000 *l.*, 1,000,000 *l.*, and 500,000 *l.*, respectively; and, in addition to the interest payable under the said Indentures of the 26th day of January 1861, the 7th day of November 1862, and the 12th day of May 1865, on the said sums of 300,000 *l.*, and 250,000 *l.* (making, together, the said sum of 550,000 *l.*), 300,000 *l.*, 100,000 *l.*, and 400,000 *l.* respectively; and, in addition also to the interest payable under the covenants in that behalf hereinbefore contained, there shall, from time to time, during the residue of the said determinable term of 99 years, be paid out of the revenues of India to the said Railway Company, in London, half-yearly, on the 30th day of June and the 31st day of December in every year, interest at the rate of 5 *l.* per centum per annum, on the said further capital sum of 1,500,000 *l.* so authorised to be raised as aforesaid, or on such part of the last-mentioned sum as shall, for the time being, have been paid into the Bank of England, to the account of the Secretary of State in Council, such interest being considered, in the first instance, as running from the respective days on which the same shall have been so paid.

7. That the said Railway Company will pay into the Bank of England, to the credit of the account of the Secretary of State in Council, such sums of money as shall, together with the sums already paid in part thereof, make up, in all, the sum of 1,500,000 *l.*, at such times and in such instalments as the Secretary of State in Council may require.

8. That the covenants and provisions of the said Indentures of the 21st day of November 1855 and the 2nd day of February 1859, respectively, shall, so far as the same respectively are subsisting, remain in full force and shall, so far as the same respectively are applicable and not inconsistent herewith, apply to payments to be made, and matters to be done in pursuance of these presents.

In witness whereof, the above-named Major General William Erskine Baker and William Urquhart Arbuthnot, Esquire, being two Members of the Council of India, have hereunto set their hands and seals, and the said Railway Company have caused their common seal to be affixed the day and year first above-written.

CONTRACT between the SECRETARY of STATE in Council and the SCINDE RAILWAY COMPANY, dated 23rd June 1863.

THIS INDENTURE, made the 23rd day of June 1863, between the SECRETARY of STATE in Council, of the one part, and the SCINDE RAILWAY COMPANY, originally incorporated by an Act of Parliament made and passed in the Session of the 18th and 19th years of the reign of Her present Majesty, and now incorporated under the provisions of an Act of Parliament made and passed in the Session of the 20th and 21st years of Her Majesty, of the other part.

WHEREAS the said Scinde Railway Company were incorporated by the said first-mentioned Act for the purpose of making and constructing, working and maintaining such railway or railways in India as might be agreed upon by the said Railway Company and the East India Company:

And whereas, by an indenture of contract bearing date the 26th day of December 1855, and made between the East India Company of the one part, and the said Railway Company of the other part, it was, amongst other things, agreed that the said Railway Company should construct and open a line of railway from Kurrachee to Hyderabad, on the River Indus, now called the Scinde Railway, at an estimated cost to be approved by the East India Company, and that the land required for the said railway should be provided by the East India Company, and that the moneys required for the construction of the said railway should be paid by the said Railway Company to the East India Company, to be from time to time drawn out for the purposes of the work, and that the said railway when completed should be leased to the said Railway Company for the term of 99 years from the 1st day of May 1855, determinable by surrender or purchase, as therein mentioned; and that the said line of railway should during such determinable term be kept in good repair and working condition by the said Railway Company; and that the East India Company should pay to the said Railway Company during such determinable term interest at the rate of 5% per cent. per annum on the moneys so paid to the East India Company; and in the said indenture were contained provisions with reference to the Scinde Railway to the same or the like effect as the several clauses and provisions hereinafter contained:

And whereas the said Railway Company thereupon commenced and have since completed the construction of the said line of railway from Kurrachee to Hyderabad, called "The Scinde Railway:"

And whereas by the said Act of Parliament of the 20th and 21st years of Her Majesty, after reciting that the said Railway Company were then in negotiation with the East India Company for raising capital and making other arrangements for the purpose of making and maintaining, in addition to the said Scinde Railway, a railway in the Punjab territory from Mooltan to Lahore and Umritsir, therein called "The Punjab Railway," and also for establishing and maintaining communication on the River Indus between Hyderabad and Mooltan by means of steamboats and other vessels, therein called "The Indus Steam Flotilla;" and, after repealing the said Act of the 18th and 19th years of Her Majesty, it was provided that, notwithstanding such repeal, the said Railway Company should be and continue as from the time of the original incorporation thereof incorporated by the name of "The Scinde Railway Company," with power to make, maintain, regulate, work, and use the said Scinde Railway, and the other railways and works by that Act authorised to be made and maintained, and any works and conveniences connected therewith, including telegraphs, and to build or provide, or hire and employ steamboats and other vessels, for the purpose of establishing communication on the River Indus and other waters between or in connection with any such railways; and it was thereby also provided that the hereinbefore-recited indenture of the 26th day of December 1855 should remain in force; and it was thereby also provided that the said Railway Company from time to time might negotiate for, conclude, and enter into, with the East India Company, and carry into effect, contracts and agreements with respect to the making, maintaining, regulating, working, and using by the said
Railway

Railway Company of the Scinde Railway and of the said Punjaub Railway as then proposed respectively, or any other railway or railways in India either wholly or partly in lieu thereof respectively or otherwise, and any extensions of and branches from the same respectively, and any works and conveniences connected therewith respectively; and with respect to the building, providing, hiring, and employing by the said Railway Company of steamboats and other vessels, and the construction of all necessary works, quays, and wharves for the purposes of the undertaking; and with respect to the other matters therein particularly mentioned, which included powers to make and enter into all the agreements and stipulations hereinafter contained; and it was thereby also enacted that the shares in the then present capital and in any additional capital raised for the purposes of and in connection with the Scinde Railway should be called "Scinde Railway Shares," the shares in any additional capital which should be raised for the purposes of and in connection with the Punjaub Railway should be called "Punjaub Railway Shares," and the shares in any additional capital which should be raised for the purposes of and in connection with traffic on the River Indus should be called "Indus Steam Flotilla Shares," and the shares in any additional capital which should be raised for any other purposes of that Act should be called by such name or names as the East India Company from time to time sanctioned; and it was thereby also enacted that the company should keep separate and distinct accounts of their receipts, credits, payments, and liabilities with respect to the Scinde Railway, the Punjaub Railway, and the Indus Steam Flotilla respectively, and also with respect to any other purpose from time to time sanctioned by the East India Company, and that such accounts respectively should, as to capital and revenue, be kept distinct: provided always, that the company should fairly appropriate between two or more of the said accounts the management expenses of the company, and any items relating to more than one of their undertakings; and it was thereby also enacted that the net revenue from time to time realised by the company in respect of any one of their undertakings should, so far as the same was in pursuance of any arrangement or otherwise applicable to dividends, be applied for the rateable benefit of all the holders of shares in that portion only of the capital raised for such undertaking entitled to dividend, and be divided accordingly; and it was thereby also enacted that the Company should apply the capital raised by the Scinde Railway shares, and money borrowed for purposes of and incidental to the Scinde Railway, only for purposes of and incidental to the Scinde Railway, and the capital raised by the Punjaub Railway shares, and the money borrowed for purposes of and incidental to the Punjaub Railway, only for purposes of and incidental to the Punjaub Railway, and the capital raised by the Indus Steam Flotilla Shares, and the money borrowed for purposes of and incidental to the Indus Steam Flotilla, only for purposes of and incidental to the Indus Steam Flotilla:

And whereas under the provisions of the Act passed in 21st and 22nd years of Her Majesty, intituled "An Act for the better Government of India," the benefit of the hereinbefore recited indenture of contract became vested in Her Majesty for the purposes of the Government of India, and save as otherwise provided by the said Act, one of Her Majesty's principal Secretaries of State has, and may perform all such and the like powers and duties relating to the Government or revenues of India, as might or should have been exercised or performed by the East India Company and the Secretary of State in Council, with the concurrence of a majority of votes at a meeting of the Council of India has full power to enter into any contracts whatsoever as may be thought fit for the purposes of that Act. And all moneys payable in respect of the said indenture of contract, and all liabilities to be contracted on account of the Government of India are charged and chargeable on the revenues of India:

And whereas by an indenture of contract bearing date the 7th day of February 1859, and made between the Secretary of State in Council of India of the one part, and the said Railway Company of the other part, an agreement was entered into for the establishment and maintenance of the Indus Steam Flotilla by the said Railway Company:

And whereas by an indenture of contract bearing date the 4th day of March 1859, and made between the same parties as the last-mentioned indenture, an agreement was entered into for the construction and maintenance of the Punjaub Railway by the said Railway Company:

And whereas the Secretary of State in Council of India, with the concurrence

of a majority of votes at a meeting of the Council, and the Scinde Railway Company have agreed to enter into the contract and agreement hereinafter contained, respecting a line of railway from the town of Umritsir to, or near to, the city of Delhi, to be called "The Delhi Railway:"

And whereas the said Railway Company have paid into the Bank of England to the account of the Secretary of State in Council, the sum of 1,040,890 *l. 7s. 6d.* as part of the sum of 2,500,000 *l.*, hereinafter mentioned as the Secretary of State in Council doth hereby acknowledge:

And whereas in conformity with the provisions of the said Act of the 20th and 21st years of Her Majesty, it is intended that the capital account and the revenue account of the said Delhi Railway shall be kept separate and distinct from the capital accounts and revenue accounts of the said Scinde Railway, the said Indus Steam Flotilla and the said Punjab Railway respectively, and of any other undertaking of the said Railway Company. And that the said Delhi Railway shall be constructed and maintained as a separate and distinct line of railway, and be subject to the provisions of this present contract alone, solely and independently of the hereinbefore mentioned indentures of the 26th day of December 1855, the 7th day of February 1859, and the 4th day of March 1859 respectively, and of any other contracts which may be hereafter entered into between the said Railway Company and the Secretary of State in Council with respect to any other undertaking, and that the said hereinbefore mentioned indentures respectively, and any such other contracts, and the undertakings to which the same may respectively relate, shall not be affected by any of the provisions hereinafter contained:

And whereas the expressions "the said line of railway," or "the said railway," whenever the same are hereinafter used, are intended to mean the line of railway for which this present contract is entered into unless there be something in the subject or context repugnant to such construction:

NOW THIS INDENTURE WITNESSETH that in consideration of the premises, the said Scinde Railway Company do hereby (so far as the covenants and agreements hereinafter contained are to be observed and performed by them), covenant and agree with the Secretary of State in Council; and the Secretary of State in Council doth hereby (so far as the covenants and agreements hereinafter contained are to be observed and performed on the part of the Secretary of State in Council for the time being), covenant with the Scinde Railway Company and their successors in manner following (that is to say):—

Selection of line.

1. That it shall be lawful for the Secretary of State in Council to determine, fix upon, and select the route and direction of a line of railway to commence at or near Umritsir, the terminus of the Punjab Railway, and to proceed to or near to Delhi, such selected line of railway of an estimated cost on the whole to be approved of by the Secretary of State in Council shall be completed by the said Railway Company and opened for the conveyance of passengers and goods with all practicable speed.

Notice of line.

2. That the Secretary of State in Council shall give notice to the said Railway Company of the line when so selected as aforesaid, or of any part or parts thereof as such part or parts shall from time to time be fixed upon. And it shall be lawful for the Secretary of State in Council, from time to time to alter the said route or direction, or to extend or limit the same as the Secretary of State in Council shall think fit. Provided always that if such alteration of route or direction shall be made after the said railway shall have been commenced in a previously selected route or direction, the expense of the said railway or in any way incident to such alteration shall be considered as properly incurred by the said Railway Company.

Land.

3. That the Secretary of State in Council shall after the selection of the route and direction of the said line of railway, or of any part or parts thereof, and from time to time as may be necessary provide the land which shall be required for the said railway, or for the part or parts thereof so selected, and the works connected therewith, and for proper stations, offices, warehouses, and other conveniences for the same, and shall give to the said Railway Company possession thereof, and that all land of which possession shall be so given to the said Railway Company which shall not be permanently required for the purposes of the said railway shall, as soon as practicable, be restored and delivered up by the said

said Railway Company to the Government of India for the use of Her Majesty, her heirs and successors, for the purposes of the Government of India.

4. That the said Railway Company shall, on receiving possession of the same land or any part thereof, forthwith and subject to the supervision and control hereinafter prescribed, commence and proceed with diligence in the construction of the said line of railway, and of all such stations, offices, warehouses, fixed machinery, and other works, and conveniences, as in the opinion of the Secretary of State in Council (such opinion to be certified in writing) shall be necessary or expedient, as well with reference to the original construction of the said railway and the working thereof, as with reference to the permanent maintenance thereof, and its protection from injury or destruction by inundation, tempests, or other causes whatsoever; and such railway shall be made at such gradients, and shall be furnished with rails of such weight and strength, and laid down and secured in such manner, and shall consist either of a single or double line of railway as the Secretary of State in Council shall in writing direct, and shall, if required by the Secretary of State in Council, and at such time or times as the Secretary of State in Council shall in writing require, be provided with an electric telegraph, constructed along all or such part or parts of the said railway, and upon such principle, and under such regulations as to its use, and the terms of its use, as the Secretary of State in Council shall in writing direct or approve of; and the said Railway Company shall from time to time attend to execute and perform all such directions in writing as may from time to time be given by the Secretary of State in Council for any deviations from, or alterations in, any directions or requisitions previously made or given with respect to the premises. And the said Railway Company shall, as soon as the said railway shall be completed for such a distance as in the opinion of the Secretary of State in Council shall be desirable, open the same for the conveyance of passengers and goods.

5. That it shall be lawful for the Secretary of State in Council from time to time, by notice in writing to the said Railway Company, to require any specified part or parts of the said line of railway to be completed as aforesaid, and to be opened for the conveyance of passengers and goods before the remaining part or parts thereof shall be constructed, and such requisitions shall be complied with and fulfilled by the said Railway Company.

6. That the said Railway Company shall pay into the Bank of England, to the account of the Secretary of State in Council of India, the sum of 1,459,109 *l.* 12 *s.* 6 *d.*, which, with the sum of 1,040,890 *l.* 7 *s.* 6 *d.* already paid, will make up in all the sum of 2,500,000 *l.* sterling, by such instalments, and at such times as the Secretary of State in Council may require, and such payments may be made in sums of not less than 5,000 *l.* each in London, provided that if the said Railway Company shall receive any portions of their Delhi Railway capital already subscribed, or hereafter to be subscribed in India, it shall be lawful for them to pay the amount so received in sums of not less than 5,000 rupees into the treasury at Lahore, in or towards satisfaction of the said instalments, and the acknowledgments of such respective payments, there shall, when produced to the Secretary of State in Council in London, be considered and taken in part satisfaction as on the days of payment thereof respectively of the said sum of 2,500,000 *l.*, at the exchange of 1 *s.* 10 *d.* for each Government rupee: Provided always that such payments into the treasury at Lahore shall not exceed the amounts which may from time to time be required for expenditure in India, such limit being determined upon by the Secretary of State in Council.

7. That as often as and when any money shall be required by the said Railway Company for any purposes in connexion with the said line of railway, sanctioned by the Secretary of State in Council, and in reference to the particular sums from time to time required only so far as such purposes shall have been performed to the satisfaction of the Secretary of State in Council, or when any money shall be required for the performance of works in connexion with the said line of railway sanctioned by the Secretary of State in Council, while the same shall be in course of execution, the same may be drawn in such sums as shall from time to time be necessary by the said Railway Company in London, or in India, according to such arrangements as shall be made from time to time with the Secretary of State in Council for that purpose; but 10 days' notice of every such draft or proposed draft shall be given to the Secretary of State in Council, or to the

Government of India, or to such Lieutenant Governor or other authority, as the said Government of India may direct, and all sums of money which shall be so drawn in India shall be set off at the exchange of 1 s. 10 d. for each Government rupee against the said sum of 2,500,000 l. sterling, or so much thereof as shall have been paid into the Bank of England to the account of the Secretary of State in Council as aforesaid, and the said Railway Company shall not in any case be entitled to draw in London or in India to an extent greater than the balance in their favour, for the time being, in respect of the capital raised for the said line of railway.

Plant, fares, and
tolls.

8. That when, and so soon as the said line of railway, or any part or parts thereof which shall have been required by the Secretary of State in Council to be completed before the construction of the other parts shall be completed and ready to be opened for the use of the public, and so from time to time as any such part thereof shall be so completed and ready to be opened : the said Railway Company shall, and will, subject to the supervision and control hereinafter mentioned, provide to the satisfaction of the Secretary of State in Council, a good and sufficient working stock of engines, carriages, and other plant and machinery for working the said railway, or such part or parts thereof as shall have been completed as aforesaid, and carrying on the business and traffic of the same, and the said Railway Company shall, and will forthwith commence and carry on the business of common carriers of goods and passengers upon the said railway; and for that purpose, shall cause to be run on the said railway, so many trains at such times and at such rates of speed, and between such places, and with such conveniences and accommodation as the Secretary of State in Council shall from time to time require; and the said Railway Company shall, and will allow the use of the said railway to the public on such terms as shall be approved by the Secretary of State in Council; and the said Railway Company shall be authorised and empowered to charge such fares for the carriage of passengers and goods, and such tolls for the use of the said railway as shall have been approved by the Secretary of State in Council: and shall not in any case charge any higher or different fares or tolls whatsoever, without such approval being first obtained, but such fares or tolls shall, when such net receipts as are hereinafter mentioned in any year, have exceeded 10 per cent. upon the outlay, be reduced in accordance with any requisition of the Secretary of State in Council in that behalf, but only with a view of limiting the said fares and tolls so far that the net receipts shall not exceed 10 per cent. as aforesaid.

Title to land.

9. That upon the completion of the said line of railway, or of any part or parts thereof which shall have been required by the Secretary of State in Council to be completed before the construction of the remaining part, the Secretary of State in Council shall, and will grant to the said Railway Company, a lease of, or otherwise secure to them a right and title to the land which shall have been provided under the provisions in these presents contained, or of so much thereof as shall be required for the completed line, and for the works and conveniences thereto belonging, for a term of 99 years, commencing from the day of the date of these presents, unless the same shall be sooner determined under the provisions herein contained; and the Secretary of State in Council shall guarantee to the said Railway Company the quiet and undisturbed possession of such land, but shall not be called upon to show any title thereto.

Supervision :
Government
director may be
appointed; his
powers and privi-
leges.

10. That the said Railway Company, and their officers, servants, and agents, as also their accounts and affairs shall in all things be subject to the superintendence and control of the Secretary of State in Council as well, in England as elsewhere, and in particular that no bye law, contracts, orders, directions, proceedings, works, or undertakings, acts, matters, or things whatsoever, shall be made, done, entered into, commenced or prosecuted by or on the part of the said Railway Company, unless previously sanctioned in writing by the Secretary of State in Council, or in some other manner to be prescribed by the Secretary of State in Council, and that no moneys shall be raised by the said Railway Company by any other means than by calls upon, or payments in respect of the shares in the same company without the sanction of the Secretary of State in Council in writing; and no extension in the number of shares in the said Railway Company, or in the amount of its capital shall be made unless sanctioned in like manner. And that it shall be lawful for the Secretary of State in Council from time to

time to give to the said Railway Company, their officers, servants, and agents, all such orders and directions as the Secretary of State in Council shall from time to time think fit, with reference to the railway and works to which this present contract relates; and with reference to the manner and times of executing the same, and with reference to any contracts, orders, and directions to be entered into, made, or given with regard thereto, and otherwise with reference to the same, all which contracts, orders, and directions shall be executed and followed by the said Railway Company to the satisfaction of the Secretary of State in Council; the costs and expenses of the same which shall have been allowed and sanctioned by the Secretary of State in Council, being paid out of the capital of the said Railway Company raised for the purposes of this present contract. And that for better enabling the Secretary of State in Council to exercise the control and direction intended to be hereby secured, the said Railway Company shall record and keep in proper books for that purpose; full and particular accounts of all their transactions and proceedings, including full and true minutes of all their meetings, meetings of directors, communications with India, and correspondence, so as at all times to exhibit thereby, fully and truly, the state of their affairs and proceedings, and that the Secretary of State in Council, and any person or persons appointed by him in that behalf, shall at all reasonable times have free access to all the books, accounts, papers and documents of the said Railway Company, (except communications between the said Railway Company and their legal advisers), and power to make copies of, or extracts from the same, whether such books, accounts, and documents relate to the said railway and works, or to any other matters or things whatsoever, in which the said Railway Company shall, or may be interested, and for the purposes aforesaid it shall be lawful for the Secretary of State in Council from time to time to appoint any one person not being a shareholder in the said Railway Company, to be a director of the said Railway Company, to be called the Government director, which director if, and when appointed, shall rank as, and be one of the board of directors of the said company, and be entitled in all things to act as such, and to exercise at his discretion a right of veto in all proceedings whatsoever at boards of the said directors, except proceedings for the purpose of communicating with the legal advisers of the company, and shall not be removeable except by order of the Secretary of State in Council, and shall, in case the whole number of directors shall at the time of his appointment be filled up, come in and be in the place of the director who shall retire from the direction according to the decision of the board, such decision being taken by ballot, but such Government director shall not be entitled to any salary from the said Railway Company: Provided always that nothing hereinbefore contained, shall authorise the Secretary of State in Council to appoint any officers or servants of the said Railway Company, except such Government director as aforesaid: Provided also that the before mentioned indentures of the 26th day of December 1855; of the 7th day of February 1859; and the 4th day of March 1859; and these presents together, shall not authorise the Secretary of State in Council to appoint more than one person to be Government director of the said Railway Company at any one time.

11. That all the expenses of the said railway in respect of the said line of railway shall from time to time be stated and submitted to the Secretary of State in Council for sanction and approval, and as between the said Railway Company and the Secretary of State in Council, shall be allowed so far only as the same shall from time to time have been sanctioned and approved by the Secretary of State in Council: Provided always, that the last-mentioned stipulation shall not interfere with any such subsidiary agreement or agreements (if any) as from time to time may be made between the said Railway Company and the Secretary of State in Council, for the performance of any part or parts of the said railway and works at any sum or sums of money to be specified in such subsidiary agreement or agreements, in which case the expense in respect of the same shall be allowed and taken at the sum or sums which shall be so agreed upon. Sanction of expenditure.

12. That a capital account relating to the construction of the said line of railway, and the works, conveniences, and telegraphs thereto belonging and relating to the original cost of engines, carriages, plant, and machinery, provided for the purposes of the said line, to be called "The Delhi Railway Capital Account," Capital account.

shall be kept by the said Railway Company, to which account all moneys paid by the said Railway Company, the expenditure of which shall have received the sanction and approval of the Secretary of State in Council, shall from time to time be carried, and when and so soon as the said railway and works shall have been completed and furnished with the necessary rolling-stock and plant, or at any earlier time or times, if the Secretary of State in Council shall require the same, the said capital account shall be made up and a statement shall be furnished to the Secretary of State in Council of the aggregate amount of capital which, according to such account, shall have been expended, and such amount shall by examination of such account be ascertained and certified by the Secretary of State in Council, and thenceforth and from the opening of the said line of railway, or any part thereof, the cost of maintaining it with its machinery and stock in good working condition, shall be payable by the said Railway Company out of the revenue of the said railway, including any interest to be received from the Secretary of State in Council as hereinafter is mentioned; but upon any additions, alterations, or improvements, such as shall properly be chargeable to the capital account being thereafter made with the sanction and approval of the Secretary of State in Council, to, of, or in the said railway, or the works, conveniences, or telegraphs thereto belonging, or the engines, carriages, and other plant and machinery belonging thereto, the cost necessarily incurred in executing such additions, alterations, or improvements shall be added to the said capital account, and the said capital account shall from time to time be made up and stated afresh, as occasion shall require, and be ascertained and certified accordingly.

Repairs and maintenance of rolling stock.

13. That at all times during the said determinable term of 99 years, the said Railway Company shall keep the said railway, or so much thereof as shall be completed and opened for traffic, and the works and conveniences belonging thereto, and the telegraphs on the said railway (if any) in a state of good repair and in good working condition, to the satisfaction of the Secretary of State in Council, and shall keep the same fully provided with rolling-stock and plant adequate to the service thereof to the satisfaction of the Secretary of State in Council.

Revenue account.

14. That the said Railway Company shall, in such forms and under such heads or divisions as shall be prescribed by the Secretary of State in Council, keep accounts of all receipts and payments whatsoever in respect of the said line of railway (other than such receipts and payments as properly belong to the capital account hereinbefore agreed to be kept), and such accounts shall be called "The Delhi Railway Revenue Accounts," and shall be made up half-yearly to the 30th day of June and the 31st day of December in every year, or to such other days in the year as the Secretary of State in Council shall appoint, and shall be regularly transmitted to the Secretary of State in Council, who shall be at liberty at all times in auditing the same accounts to make any corrections therein which may be necessary.

Deposit of revenue and drafts thereon.

15. That all the earnings of the said railway received by or on account of the said Railway Company in India, shall be paid at such times and in such manner as the Secretary of State in Council shall direct, without any deduction, under any pretence whatever, into the Treasury of the Government of India at Lahore, to an account, to be kept separately, to be called "The Delhi Railway Revenue Account," and when any money shall be required by the said Railway Company for any purposes in connexion with the said railway, sanctioned by the Secretary of State in Council, such money may be drawn by the said Railway Company according to such arrangements as shall from time to time be made with the Secretary of State in Council for that purpose.

Guarantee of interest.

16. That the Secretary of State in Council shall from time to time during the said determinable term of 99 years, pay out of the revenues of India to the said Railway Company in London, half-yearly, on the 30th day of June and the 31st day of December in every year, interest, at the rate of 5 l. per cent. per annum on the said sum of 2,500,000 l. sterling, or on such parts thereof as shall for the time being have been paid into the Bank of England to the account of the Secretary of State in Council, or into any treasury or treasuries in India as aforesaid, such interest upon any part of the said sum of 2,500,000 l. being considered

sidered in the first instance as running from the day on which the same part shall have been so paid into the Bank of England to such account.

17. That if the expenditure of the said Railway Company in making the said railway and works or otherwise, in respect of the matters to be included in the said capital account, shall exceed the said sum of 2,500,000*l.* the money necessary to meet such excess shall be raised and paid by the said Railway Company to the Bank of England to the account of the Secretary of State in Council, and the Secretary of State in Council shall from time to time during the then residue of the said determinable term of 99 years pay out of the revenues of India to the said Railway Company, half-yearly on the days aforesaid, interest on such excess at such rate as may be agreed upon, not exceeding the rate of 5*l.* per cent. per annum, such interest on the same moneys to be calculated from the respective times when they shall have been so paid into the Bank of England as aforesaid. Excess above
2,500,000*l.*

18. That as soon as the said Railway Company shall begin to work the said line of railway, or any part thereof, and thenceforth during the said determinable term of 99 years the net receipts which shall be realised during any half-year, or from the commencement up to the first of the aforesaid half-yearly days on the said line of railway, or on any part thereof, after deducting therefrom all sums which shall have been expended in the repairs and maintenance of the said line of railway and works, and the repair and restoration of the rolling stock and plant belonging thereto, or have been duly apportioned to the account of the said line of railway for expenses of management and conduct of the said Railway Company and its affairs, and which shall have been allowed or sanctioned by the Secretary of State in Council, and also deducting such sum (if any) as with the consent of the Secretary of State in Council may be appropriated and set apart for repairing, restoring and making good any deterioration of the railway and works or stock and plant; and for the current expenses of working the said railway (the money to be so appropriated and set apart as a reserve fund, or any part thereof being invested and accumulated or otherwise dealt with till required for application in any manner the said Railway Company may think fit, subject to the sanction and approval of the Secretary of State in Council), shall be applied, in the first place, in or towards discharge of the interest which shall be payable by the Secretary of State in Council under the covenants in this Indenture contained in respect of the said half-year, so as to exonerate the Secretary of State in Council, so far as the same net receipts will extend from the payment of such interest the money to be applied being reckoned at the fixed and permanent exchange of 1*s.* 10*d.* per Government rupee, and the residue (if any) of such net receipts shall be applied in manner following, that is to say, one moiety thereof shall be forthwith applied in the repayment of such sums of money as shall at any previous time or times have been paid by the Secretary of State in Council to the said Railway Company, under the covenants in this Indenture contained by way of interest as aforesaid, together with simple interest on such sums of money, at the rate of 5*l.* per cent. per annum from the time of payment respectively, and such moiety shall be paid into any treasury of the Government of India in India, and shall be reckoned at the said rate of exchange, and shall be applied in reduction and discharge of the whole of the interest payable to the Secretary of State in Council on the said sums of money before the same shall be applied in liquidation of any part of the principal thereof, and the other moiety of the said surplus net receipts shall be paid to or applied for the use and benefit of the said Railway Company; and if at any time during the said determinable term of 99 years the whole of the moneys previously paid by the Secretary of State in Council as aforesaid, with interest thereon as aforesaid shall have been repaid and discharged; then for every half-year during such time, and so often as the same shall happen, the said Railway Company shall be entitled for their own use and benefit to the entirety of the said surplus net receipts, or as the case may be, so much thereof as shall remain after such repayment and discharge as last aforesaid shall have been made. Application of
profit.

19. That the said Railway Company will at all times during the said determinable term convey on the said railway the Government mails and post-bags, and the guards and other servants of the Post Office in charge thereof, free of charge, and when they are on duty all officers and persons in the administration Mails and troops.

of the Post Office also free of charge, and will also convey on the said railway, when they are on duty, the troops in Her Majesty's service, both horse and foot, and all other persons to whom the provisions of the Mutiny Acts and regulations for the time being in force for Her Majesty's European and Indian forces respectively shall be applicable; and all artisans on the business of the Government, the officers and persons of similar station in life to be entitled to travel in first-class carriages at second-class fares, and the troops and the European artisans in second-class carriages at the lowest fares, and all other persons at the lowest fares with two tons of baggage for every 100 men, free of charge, and will also convey on the said railway all general stores belonging to the Government, and all guns, ammunition, horses, and other animals for military purposes; and all military stores, carriages, waggons, camp equipage and equipments whatsoever, at the lowest rate for the time being chargeable for the carriage of such animals, goods and merchandise, the several privileges of conveyance and carriage hereby stipulated for being at all times to be used and enjoyed in preference to and in priority over the public use of the said line of railway for conveyance and carriage.

Ultimate rights of property.

20. That at the end of the said term of 99 years by effluxion of time, the land to be provided as aforesaid, with the railway thereon, and all buildings, works, fixed machinery, telegraphs, and conveniences whatsoever, shall revert to and become the property of Her Majesty, her heirs and successors, for the purposes of the Government of India, free from all debts and charges whatsoever, save such as shall have been sanctioned by the Secretary of State in Council, and any lands in Great Britain which may then be held by the said Railway Company for the purpose of the undertaking to which this contract relates, shall be sold, and the clear moneys produced by such sale shall be paid into the Bank of England to the account of the Secretary of State in Council; and the said Railway Company shall deliver to the Secretary of State in Council, as their property on the same account, all plans, surveys, sections, books, printings, writings, drawings, and documents whatsoever in anywise connected with the undertaking and affairs of the said Railway Company, so far as respects the said line of railway. And the said Railway Company shall sell, and the Secretary of State in Council, on behalf of Her Majesty, and for the purposes of the Government of India, shall purchase all the engines, carriages, stock, machinery, and plant which shall be then used in working the said railway, or otherwise in connexion therewith or belonging thereto, for such sum of money as shall be the fair value thereof, the same to be determined, in case of difference, by a valuation to be made by referees or by their umpire, to be respectively appointed in the usual manner. And the Secretary of State in Council shall pay out of the revenues of India to the said Railway Company, in London, the sum of money to be so determined within four months after such determination, with interest thereon at the rate of 5 l. per cent. per annum, from the expiration of the said term of 99 years.

Surrender.

21. That after any portion of the said line of railway shall have been finished and in work for three calendar months at least, it shall be lawful for the said Railway Company then, or at any time thereafter during the said term of 99 years, to give notice in writing of their intention to surrender and relinquish the said railway and works on any day to be mentioned in such notice, so that such notice be served at least six calendar months before that day, both on the Secretary of State in Council in London, and also on the Secretary to the Government of the Punjab at Lahore; and in case of such notice being given, the said Railway Company shall, at the expiration thereof, surrender and relinquish to Her Majesty, for the purposes of the Government of India, the said line of railway and works accordingly, together with the telegraphs (if any), and shall with all convenient speed sell any lands in Great Britain which may then be held by the said Railway Company for the purpose of the undertaking to which this contract relates, and pay the clear moneys to be produced by such sale into the Bank of England to the account of the Secretary of State in Council of India, and shall deliver to the Government or their authorised agents, on behalf of Her Majesty, for the purposes of the Government of India, the engines, carriages, stock, plant, and machinery belonging to the said line of railway and works, and all plans, surveys, sections, printings, writings, drawings, and documents whatsoever connected therewith, and the premises to be so surrendered and delivered shall be
accepted

accepted and received accordingly, it being expressly agreed that the said line of railway, works, stations, telegraphs, engines, carriages, stock, plant, and machinery shall, at the time of such surrender and delivery, be in good working order, according to the covenant in that behalf hereinbefore contained on the part of the said Railway Company; and immediately upon such surrender and delivery being made, the Secretary of State in Council shall be bound to pay out of the revenues of India to the said Railway Company the capital expended by the said Railway Company upon the said railway, works, and premises so to be surrendered and delivered, such expended capital being ascertained and certified in the manner hereinbefore mentioned, together with such parts (if any) of the capital raised for the purposes of this contract as shall remain in the Bank of England to the account of the Secretary of State in Council, and to discharge and indemnify the said Railway Company from all debts and liabilities incurred with the sanction of the Secretary of State in Council in respect of the said line of railway, and thereupon the covenants hereinbefore contained for payment of interest shall cease as from the day upon which the said line of railway and works are to be surrendered and accepted, and all claims by the Secretary of State in Council on account of interest on the said Railway Company in respect of the said line of railway shall also cease, and the Secretary of State in Council shall be at liberty to retain out of any moneys payable to the said Railway Company the amount of all claims and demands of any sort then existing against the said Railway Company on their revenue account in respect of the said railway, and which shall not be shown to have been fully satisfied and discharged, until the same shall have been shown to be so satisfied and discharged: Provided always, that the Secretary of State in Council shall not be liable to refund any sum expended in the maintenance or working of the said line of railway, or any part thereof, after the same shall have been opened, which sum is to be provided by the Railway Company out of the revenues of the line and interest, as thereinbefore provided or otherwise.

22. That at any time within six calendar months after the expiration of the first 25 years of the said term of 99 years, or at any time within six calendar months after the expiration of the first 50 years of the same term, it shall be lawful for the Secretary of State in Council to give notice to the said Railway Company in London and at Lahore of his intention to purchase, on behalf of Her Majesty, for the purposes of the Government of India, the said railway and works, together with the stations and telegraphs (if any), and the engines, carriages, stock, plant, and machinery belonging to the said railway and works, but subject to such debts and liabilities (if any) as may have been incurred to Her Majesty, or to the Secretary of State in Council (exclusive of any arrears of the interest on the capital of the said Railway Company, paid by the Secretary of State in Council under the conditions of this agreement which shall not have been repaid) or to any person or persons with the sanction of the Secretary of State in Council, and to interest on such of the said debts as carry interest from the day on which possession shall be taken of the said railway, but not from any earlier time, and thereupon at the half-yearly day next but one following such notice the land to be provided as aforesaid with the railway thereon, and all buildings, works, fixed machinery, stations, telegraphs, and conveniences, whatsoever connected therewith, shall revert to and become the property of Her Majesty for the purposes of the Government of India. And in case any lands in Great Britain shall then be held by the said Railway Company for the purpose of the undertaking to which this contract relates, the same shall be sold and the clear moneys to be produced by such sale shall be paid into the Bank of England, to the account of the Secretary of State in Council of India, and the said Railway Company shall, at the same time, deliver to the Government, or their authorised agents, on behalf of Her Majesty for the purpose of the Government of India, the engines, carriages, stock, plant, and machinery, belonging to the said line of railway and works, and all plans, surveys, sections, books, printings, drawings, writings, and documents, whatsoever, in anywise relating thereto, and the Secretary of State in Council shall be bound to pay in London out of the revenues of India, on the said half-yearly day for the purchase of all the same premises, a sum equal to the amount of the value of all the shares and capital stock in the said Railway Company, issued or created, for the purposes of the said Delhi Railway, calculated according to the mean market value in London

of such shares or stock during the three years immediately preceding the expiration of the said period of 25 years, or the said period of 50 years, as the case may be, and shall also be bound to indemnify the said Railway Company against all such debts and liabilities (if any) as they may have incurred to or with the sanction of the Secretary of State in Council in respect of the said line of railway, and as shall be then subsisting, and thereupon the covenant hereinbefore contained for payment of interest shall cease.

Possession as a
remedy.

23. That if default shall be made by the said Railway Company in the raising and payment of the said sum of 2,500,000*l.*, or any of the instalments thereof, or of such further capital as shall be required for the construction of the said railway, or in the due application of any moneys drawn in London or in India as aforesaid, or in the execution of the said railway and works conformably with the covenants in that behalf hereinbefore contained, or in case the said railway shall not be worked to the satisfaction of the Secretary of State in Council, or in case of any other breach on the part of the said Railway Company of any of the covenants herein contained, it shall be lawful for the Secretary of State in Council, on giving to the said Railway Company at Lahore three calendar months' notice of their intention in that behalf, to terminate the interest of the said Railway Company in the said land, railway, telegraphs, and works, to be taken or constructed under these presents, and by their agents to assume, on behalf of Her Majesty for the purposes of the Government of India, possession of the said land, railway, telegraphs, and works, and of all or any of the engines, carriages, stock, plant, and machinery, provided for the same, or belonging thereto, and all plans, surveys, books, printings, drawings, writings, and documents whatsoever, in anywise connected with the said line of railway, and in that case any lands in Great Britain which may then be held by the said Railway Company for the purpose of the undertaking to which this contract relates, shall, with all convenient speed, be sold, and the clear moneys to be produced by such sale shall be paid into the Bank of England to the account of the Secretary of State in Council. And in case of such notice being given the Secretary of State in Council shall be liable to repay out of the revenues of India, within six calendar months after its expiration, to the said Railway Company in London the capital expended by the said Railway Company upon the said railway and works so ascertained and certified as hereinbefore is mentioned, after a proper deduction for all debts and liabilities then effecting the said Railway Company, in respect of the said line of railway, the money so to be repaid to include so much (if any) of the capital raised for the purposes of the said line of railway as shall then remain in the Bank of England to the account of the Secretary of State in Council, and also to discharge, exonerate, and indemnify the said Railway Company from all debts, obligations, and liabilities, for works and expenditure undertaken with the sanction of the Secretary of State in Council in respect of the said line of railway, and thereupon the covenants of the Secretary of State in Council in this Indenture contained for payment of interest shall cease, and all claims by the Secretary of State in Council on the said Railway Company in respect of the said line of railway shall also cease, the intention of the parties hereto for the purposes intended to be provided for by this clause being, that the said Railway Company shall under all circumstances receive back their capital expended, with such sanction as aforesaid, and that such re-entry and assumption of possession, and the exercise by the Secretary of State in Council of the powers and authorities by this clause given to them, shall be the only penalty to which the said Railway Company shall be liable in case of default in raising sufficient capital for the purposes of the said line of railway, or in constructing and working the said railway to the satisfaction of the Secretary of State in Council.

Repairs by the
Government of
India.

24. That if default shall be made by the said Railway Company after the said line of railway, or any portion thereof, shall have been completed and opened for traffic in their covenant to keep the said line of railway and works, or such part thereof as shall have been completed and opened for traffic, in repair and condition for the space of one calendar month next after notice in writing in that behalf from the Secretary of State in Council to the said Railway Company at Lahore, it shall be lawful for the Secretary of State in Council, by his agents, to enter on the said line of railway and works, and to do and execute all such works as may be required for fulfilling the said covenant, and to charge the expenses

expenses of the same against the said Railway Company, by setting off the amount of such expenses against any moneys then payable, or which shall thereafter become payable by the Secretary of State in Council for interest in manner hereinbefore mentioned, which interest shall, in such case, to that extent be considered as paid and satisfied by such set-off or retainer, and shall for all the purposes of these presents be regarded and considered as interest actually paid by the Secretary of State in Council to the said Railway Company, in pursuance of their covenant in that behalf hereinbefore contained, and if such expenses shall not be satisfied by such set-off and retainer as aforesaid, then the Secretary of State in Council may set off and deduct the same against, and from all or any part of any other moneys which shall on any account whatsoever, under, or by virtue of these presents, be, or become payable by the Secretary of State in Council to the said Railway Company.

25. That in every or any case in which, under the provisions of these presents, the Secretary of State in Council shall before the expiration of the said term of 99 years, become bound to repay the capital expended by the said Railway Company upon the said line of railway and works as aforesaid, or to pay for the purchase of the said line of railway works and stock, it shall be lawful for the Secretary of State in Council, instead of paying a gross sum of money in respect of the premises, to declare by notice to the said Railway Company in London their option to pay an annuity, to be reckoned from the time when the gross amount would be payable, and to continue during the residue of the said term of 99 years; and in that case such annuity shall be payable in London on such two half-yearly days in the year as shall be selected by the Secretary of State in Council in that behalf, with a fractional part for any broken half-year, the rate of interest which shall be used in calculating such annuity being determined by the average rate of interest during the preceding two years received in London upon public obligations of the Government of India, and other public obligations issued in London by the Secretary of State in Council, and which shall be ascertained by reference to the Governor and Deputy Governor of the Bank of England for the time being, provided always that the aforesaid option shall not apply to the undrawn portion (if any) of the capital of the said Railway Company, raised for the purposes of the said line of railway, which portion is to be repaid to the said Railway Company with interest, under the provision in that behalf hereinbefore contained in case the said Railway Company shall relinquish, or be deprived of the said railway and works as aforesaid.

Annuity commutation.

26. That if after the said railway and works, including the telegraphs if required, shall have been completed and furnished with adequate working stock the whole of the capital raised by the said Railway Company for the said line of railway shall not have been required for the purpose of the said capital account, the surplus thereof shall, to the extent to which the same shall have been paid into the Bank of England to the account of the Secretary of State in Council, be refunded to the said Railway Company in London, with such interest as shall be due on such capital at the time and thereupon the aforesaid covenants for payment of interest shall no longer apply to the capital which shall have been so refunded.

Return of surplus.

27. That any notice, direction, approval, or sanction, to be given or signified on the part of the Secretary of State in Council for any of the purposes of these presents, shall be sufficient and binding, if signed by the Secretary of State for India, or one of his Under Secretaries of State, or by the Secretary of Government at Lahore, or by any other officer or servant duly authorised to act on behalf of the Secretary of State in Council in respect to the matters to which the same shall relate. And that the Secretary of State in Council shall not in any case be bound in respect of the matters aforesaid unless by some writing signed in the manner before mentioned.

Sanction of Secretary of State in Council.

28. That the said Railway Company shall keep an office of the said Railway Company at all times hereafter during the said term, established at Lahore, or at such other place or places as shall be agreed upon between the Secretary of State in Council and the said Railway Company, and the said Railway Company shall keep at the said office an authorised agent or authorised agents, with whom the Secretary of State in Council and the Government of Lahore may communicate on affairs concerning the said railway, and all drafts drawn by the

Railway office in Lahore, and agent.

said agent or agents, and all receipts of, and acts done by such agent or agents on behalf of the said Railway Company, or concerning the said railway and works, and the affairs thereof shall be binding on the said Railway Company, and every notice to be given to the said Railway Company shall be sufficiently given if left at the said office, or personally served on such agent or agents.

Legislation in
India.

29. That the Secretary of State in Council shall promote the passing, by the Governor General of India in Council, of any act or acts which shall be necessary or convenient for enabling the said Railway Company to fulfil in India the objects of their undertaking, according to the terms and provisions of these presents.

In witness whereof Elliot Macnaghten, Esquire, and Colonel William Erskine Baker, being two members of the Council of India, have hereunto set their hands and seals, and the said Railway Company have caused their common seal to be affixed the day and year first above written.

CONTRACT between the SECRETARY of STATE in Council and the SCINDE RAILWAY COMPANY, dated 6th June 1864.

THIS INDENTURE, made the 6th day of June 1864, between the SECRETARY OF STATE in Council of the one part, and the SCINDE RAILWAY COMPANY of the other part.

WHEREAS, by an indenture bearing date the 4th day of March 1859, and made between the Right Honourable Edward Henry Stanley, commonly called Lord Stanley, one of Her Majesty's principal Secretaries of State, Sir Frederick Currie, Bart., Vice President of the Council of India, and divers persons therein named, members of the Council of India (being the Secretary of State in Council of India) of the one part, and the said Railway Company of the other part, an agreement was entered into for the construction and maintenance by the said Railway Company of a line of railway from Mooltan to Lahore and Umritsur, upon the terms and in manner therein mentioned :

And whereas by clause 6 of the said Indenture, it was provided that if the said Railway Company should receive any portions of the Punjaub Railway capital in India, it should be lawful for them to pay the amount so received in sums of not less than 5,000 rupees into the treasury at Bombay, subject to a proviso that such payments should not exceed the amounts which might from time to time be required for expenditure in India ; and by clause 15 of the said Indenture, it was provided that all the earnings of the said Railway Company in India should be paid into the treasury of the Government of India at Bombay to an account to be kept separately, to be called "The Punjaub Railway Revenue Account :"

And whereas it has been found inconvenient that sums received by the said Railway Company in India in respect of the capital of the said Punjaub Railway should be paid into the treasury of the Government of India at Bombay, and that the earnings of the said Punjaub Railway received in India should be paid into the same treasury :

And it has been agreed between the Secretary of State in Council and the said Railway Company that the treasury of the Government of India at Lahore, instead of the said treasury at Bombay, shall be the treasury into which such payments respectively shall be made :

And whereas it may hereafter be found convenient that any notices to be served in India by the Government on the said Railway Company, or by the said Railway Company on the Government, should be so served at some place in India other than Bombay, the place named for the purpose in the said Indenture, and it has been agreed to make provision in that behalf in manner hereinafter mentioned.

Now

NOW THIS INDENTURE WITNESSETH that it is hereby agreed and declared between and by the Secretary of State in Council and the said Scinde Railway Company in manner following, that is to say :—

1. That as, from and after the 5th day of March 1859 the said Indenture of the 4th day of March 1859 shall be construed, and shall take effect as if the expression “the treasury of the Government of India at Lahore” were and had been originally inserted in the said 6th and 15th clauses of the said Indenture, in lieu of the expressions “the treasury at Bombay,” and “the treasury of the Government of India at Bombay,” in such clauses respectively contained.

2. That any notice to be served on the Government by the said Railway Company in India under the provisions of clause 21 of the said Indenture, shall be served at Bombay, or at such other place in India as the Government of India may prescribe upon the Secretary of Government or such other officer of Government as may be duly authorised to act with respect to matters in connexion with the said line of railway; and any notices to be served in India on the said Railway Company by the Secretary of State in Council under the provisions of clauses 22, 23, and 24 of the said Indenture respectively, shall be served on the said Railway Company at Bombay or at such other place in India where the said Railway Company may keep an authorised agent as the Government of India may prescribe.

3. That, subject to the alteration and modification of the said Indenture in manner aforesaid, the covenants and provisions of the said Indenture shall be and remain in full force and effect.

In witness whereof, Colonel William Erskine Baker and Elliot Macnaghten, Esq., being two members of the Council of India, have hereunto set their hands and seals, and the said Railway Company have caused their common seal to be affixed, the day and year first above written.

CONTRACT between the SECRETARY of STATE in Council and the SCINDE RAILWAY COMPANY, dated 17th January 1867.

THIS INDENTURE, made the 17th day of January 1867, between the SECRETARY of STATE in Council, of the one part, and the SCINDE RAILWAY COMPANY, originally incorporated by an Act of Parliament made and passed in the Session of the 18th and 19th years of the Reign of Her present Majesty, and now incorporated under the provisions of an Act of Parliament made and passed in the Session of the 20th and 21st years of Her Majesty, of the other part.

WHEREAS the said Scinde Railway Company were incorporated by the said first-mentioned Act, for the purpose of making and constructing, working, and maintaining such railway or railways in India as might be agreed upon by the said Railway Company and the East India Company :

And whereas by an Indenture of Contract, bearing date the 26th day of December 1855, and made between the East India Company of the one part, and the said Railway Company of the other part, an agreement was entered into for the construction and maintenance by the said Railway Company of a line of railway from Kurrachee to Hyderabad, on the River Indus, now called the Scinde Railway :

whereas by the said Act of Parliament of the 20th and 21st years of Her Majesty after reciting that the said Railway Company were then in negotiation with the East India Company for raising capital and making other arrangements for the purpose of making and maintaining, in addition to the said Scinde Railway, a railway in the Punjab territory from Mooltan to Lahore and Umrind and also for establishing and maintaining a line of railway on the River Indus between Hyderabad and Mooltan, by means of steam boats and other vessels therein called “The Indus Steam Navigation Company”

and after repealing the said Act of the 18th and 19th years of Her Majesty, it was provided that notwithstanding such repeal the said Railway Company should be and continue, as from the time of the original incorporation thereof, incorporated by the name of "The Scinde Railway Company," with power to make, maintain, regulate, work, and use the said Scinde Railway and the other railways and works by that Act authorised to be made and maintained, and any works and conveniences connected therewith, and to build or provide, or hire and employ, steam-boats and other vessels for the purpose of establishing communication on the River Indus and other waters between or in connexion with any railways; and it was thereby also provided that the hereinbefore mentioned Indenture of the 26th day of December 1855 should remain in force; and it was thereby also provided that the said Railway Company from time to time might negotiate for, conclude, enter into with the East India Company, and carry into effect, contracts and agreements with respect to the construction, formation, and regulation of the said Scinde Railway, the said Punjaub Railway, and any other railway or railways in India, and of the said Indus Steam Flotilla, and all or any of the matters therein particularly mentioned in connexion with such undertakings respectively (which included powers to make and enter into the agreements and stipulations hereinafter contained); and it was thereby also enacted, that the shares in the then present capital, and in any additional capital raised for the purposes of and in connexion with the Scinde Railway, should be called "Scinde Railway Shares," the shares in any additional capital which should be raised for the purposes of and in connexion with the Punjaub Railway should be called "Punjaub Railway Shares," and the shares in any additional capital which should be raised for the purposes of and in connexion with traffic on the River Indus should be called "Indus Steam Flotilla Shares;" and the shares in any additional capital which should be raised for any other purposes of that Act should be called by such name or names as the East India Company from time to time sanctioned; and it was thereby also enacted, that the said Railway Company should keep separate and distinct accounts of their receipts, credits, payments, and liabilities with respect to the Scinde Railway, the Punjaub Railway, and the Indus Steam Flotilla respectively, and also with respect to any other purpose from time to time sanctioned by the East India Company, and that such accounts respectively should, as to capital and revenue, be kept distinct, provided that the said company should fairly apportion, between two or more of the said accounts, the management expenses of the company, and any items relating to more than one of their undertakings; and it was thereby also enacted, that the net revenue from time to time realised by the said Railway Company in respect of any one of their undertakings should, so far as the same was in pursuance of any arrangement with the East India Company, or otherwise applicable to dividends, be applied for the rateable benefit of all the holders of shares in that portion only of the capital raised for such undertaking entitled to dividend, and be divided accordingly; and it was thereby also enacted, that the said Railway Company might borrow on bond any sums for purposes of and incidental to the Scinde Railway and the Punjaub Railway, and the Indus Steam Flotilla respectively, not exceeding in the whole, in each case, one-third part of the capital from time to time subscribed for the respective undertaking, and whereof one-half was actually paid up; and it was thereby also enacted, that the said Railway Company should apply the capital raised by the Scinde railway shares, and money borrowed for the purposes of and incidental to the Scinde Railway only for purposes of and incidental to the Scinde Railway, and the capital raised by the Punjaub Railway shares, and money borrowed for the purposes of and incidental to the Punjaub Railway only, for purposes of and incidental to the Punjaub Railway, and the capital raised by the Indus Steam Flotilla shares, and money borrowed for purposes of and incidental to the Indus Steam Flotilla only, for purposes of and incidental to the Indus Steam Flotilla:

and whereas under the provisions of the Act of the 21st and 22nd years of Her Majesty, cap. 106, intituled, "An Act for the better Government of India," otherwise provided by the said Act, one of Her Majesty's principal State has and may perform all such and the like powers and the Government or revenues of India, as might or should have been performed by the East India Company and the Secretary of State with the concurrence of a majority of votes at a meeting of the Council of State, full power to enter into any contracts whatsoever as may

may be thought fit for the purposes of that Act; and all liabilities to be contracted on account of the Government of India are charged and chargeable on the revenues of India :

And whereas by an indenture of contract, bearing date the 7th day of February 1859, and made between the Secretary of State in Council of the one part, and the said Railway Company of the other part, it was, amongst other things, agreed that the said Railway Company should provide steamboats and other vessels to form the Indus Steam Flotilla, and construct docks, quays, and other works, for the purposes of the same, at an estimated cost in the whole of 250,000 *l.* sterling, and that the land required for the said docks, quays, and works, should be provided by the Secretary of State in Council, and that the moneys required to make up the said sum of 250,000 *l.*, and such further sums as might be required for the said flotilla and works, should be paid by the said Railway Company into the Bank of England to the account of the Secretary of State in Council, and be from time to time drawn out for the purposes of the said flotilla and works, and that the said docks, quays, and works, when completed, should be leased to the said Railway Company for the term of 99 years, from the date of the indenture now in recital, determinable by surrender or purchase as therein mentioned; and that the Secretary of State in Council should pay to the said Railway Company on the 30th day of June and the 31st day of December in every year during the said determinable term of 99 years, interest at the rate of 5 *l.* per cent. per annum on the moneys paid into the Bank of England to the account of the Secretary of State in Council in respect of the said sum of 250,000 *l.*, and on any further moneys so paid for the purposes of the said flotilla and works; and by clause 17 of the same indenture, it is provided that the net receipts which should be realised during any half-year from the said flotilla and works, after certain deductions therefrom as therein mentioned, should be in the first place applied in or towards forming two funds, to be called the Insurance and Contingency Fund and the Depreciation Fund respectively, in manner following, that is to say, on each of the said half-yearly days in every year there should be reserved out of the net receipts of the half-year ending with that day, and be set apart to the credit of the Insurance and Contingency Fund a sum equal to 10 *l.* per cent. of the capital expended on the said steamboats and other vessels, as appearing by the capital account to be made up and certified as therein mentioned, and the money so reserved and set apart should from time to time be applied under the sanction and with the approval of the Secretary of State in Council in making good all loss to the said flotilla occasioned by any casual events. And subject to the formation of such Insurance and Contingency Fund, on each of the said half-yearly days in every year, there should be reserved out of the net receipts of the half-year ending with that day, and be set apart to the credit of the Depreciation Fund, a sum equal to 7 *l.* per cent. of the capital expended on the said steamboats and other vessels, as appearing by the said capital account as aforesaid, and such Depreciation Fund should from time to time be applied under such sanction and such approval as aforesaid in renewing and keeping up the said flotilla. And subject to the formation of the said funds respectively, the surplus of the said net receipts should be applied in the first place in discharge of the interest payable by the Secretary of State in Council as aforesaid, in respect of the said half-year, so as to exonerate the Secretary of State in Council from the same, so far as the same net receipts would extend; and the residue (if any) of such surplus net receipts should be applied in manner following (that is to say), one moiety thereof should be applied in repayment of such sums as should at any previous times have been paid by the Secretary of State in Council to the said Railway Company by way of interest as aforesaid, together with simple interest thereon, at such rate as therein mentioned from the times of payment respectively, and the other moiety of the said surplus net receipts should be applied for the use and benefit of the said Railway Company :

And whereas previously to the year 1863, the said Railway Company had created and issued Indus Steam Flotilla shares for the said sum of 250,000 *l.*, and had raised and paid 249,905 *l.*, part of such sum into the Bank of England to the account of the Secretary of State in Council, five of the shares upon which only 5 *l.* had been paid having been duly forfeited :

And whereas in the year 1861 it was ascertained further moneys would be required in addition to the said sum of 250,000 *l.* for proceeding with the estab-

lishment and construction of the said flotilla and works, and it was accordingly agreed between the Secretary of State in Council and the said Railway Company, that the said Railway Company, under the power in that behalf given by the said Act of the 20th and 21st years of Her Majesty, should raise the sum of 83,000 *l.* (being less than one-third part of the said sum of 250,000 *l.*) on loan, and should execute and issue bonds or debentures in respect thereof, and that the Secretary of State in Council should guarantee the payment of the principal moneys secured by the debentures and of the interest thereon in manner hereinafter mentioned :

And whereas the said Railway Company raised the said sum of 83,000 *l.*, and created and issued debentures in respect thereof, and such sum was paid into the Bank of England to the account of the Secretary of State in Council in the course of the years 1861 and 1862 :

And whereas each debenture so issued was in the form approved of by the Secretary of State in Council, and contained an obligation on the part of the said Railway Company for payment of the principal sum named in the debenture on the 1st day of July 1866, and for payment in the meantime of interest on the said principal sum, at the rate of 5 *l.* per cent. per annum, on the 1st day of January and the 1st day of July in each year, on presentation only at the bank of Messrs. Smith, Payne, & Co., or other the bankers for the time being of the said Railway Company, and by each debenture the option was given to the proprietor thereof to have the time of the repayment of the principal sum postponed until the 1st day of July 1871, and to receive interest in the meantime at the rate of 5 *l.* per cent. per annum :

And whereas of the debentures so issued as aforesaid debentures have been discharged to the amount of 56,000 *l.* by the payment to the proprietors thereof of the sums secured by such debentures, the sum of 1,600 *l.*, other part thereof, having been converted into Indus Steam Flotilla Capital Stock ; and as to the residue of the said debentures, amounting to 25,400 *l.*, the proprietors thereof have exercised the option of having the repayment of the principal money thereby respectively secured postponed until the 1st day of May 1871 :

And whereas no formal contract has hitherto been entered into for carrying into effect the said agreement on the part of the Secretary of State in Council to guarantee the principal and interest moneys secured by the said debentures, now amounting to 25,400 *l.*, but the Secretary of State in Council has paid the aggregate amount of interest thereby secured from time to time as the same became due, as the said Railway Company do hereby admit and acknowledge :

NOW THIS INDENTURE WITNESSETH that, in pursuance of the said agreement, and in consideration of the premises, the Secretary of State in Council doth hereby (so far as the covenants and agreements hereinafter contained are to be observed and performed on the part of the Secretary of State in Council for the time being) covenant with the said Scinde Railway Company and their successors, and the said Scinde Railway Company do hereby, for themselves and their successors (so far as the covenants and agreements hereinafter contained are to be observed and performed by them) covenant with the Secretary of State in Council in manner following (that is to say) :—

1. That the Secretary of State in Council shall and will as often as and when the interest, at the rate of 5 *l.* per cent. per annum in respect of the said debentures, amounting to 25,400 *l.* shall become due pay out of the revenues of India into the banking house of Messrs. Smith, Payne & Co., or other the bankers for the time being of the said Railway Company to an account called "The Indus Steam Flotilla Debenture Account ;" the aggregate amount of such interest as a fund to meet and provide for the payment of such interest, and shall and will on the 30th day of April 1871, being the day preceding the day named in the said debentures for the payment of the principal sums thereby secured, pay out of the revenues of India to the same account the amount of the principal sums payable on the same debentures as a fund to meet and provide for the payment of the said principal sums ; and the moneys to be paid to the said account, under the terms of this clause, shall be applied to the payment of the interest and principal accordingly ; and that notwithstanding anything contained in the said debentures the said Scinde Railway Company shall not be subject or liable to any action or suit at law or in equity upon or by virtue of such debentures, but that the Secretary of State in Council shall and will at all times hereafter (the costs and

and charges being defrayed out of the revenues of India) well and sufficiently protect, save harmless and keep indemnified the said Scinde Railway Company, and their lands, tenements, goods, chattels and effects whatsoever of, from, and against all actions, suits, losses, costs, charges, damages and expenses whatsoever which they shall or may suffer, sustain, expend or be put unto or which shall or may be commenced, instituted, sued or prosecuted against them by reason or in consequence of the said debentures or any of them:

2. That the sums paid previously to the date of these presents for interest in respect of the said debentures, and hereinbefore agreed to be paid by the Secretary of State in Council for interest as aforesaid, shall be in satisfaction of all interest which under the said Indenture of the 7th day of February 1859, would or might become payable in respect of the principal moneys raised by the said debentures and paid into the Bank of England to the credit of the account of the Secretary of State in Council as aforesaid:

3. That the provision contained in clause 17 of the said Indenture of the 7th day of February 1859, concerning the application of the surplus of the half-yearly net receipts of the said flotilla and works in payment of the interest therein mentioned so as to exonerate the Secretary of State in Council, and the revenues of India from the same, and concerning the application of one-half of the residue of such surplus net receipts in the repayment of any sums previously paid for interest, with simple interest on such sums, at the rate of 5 l. per cent. per annum, shall apply to the interest paid previously to the date of these presents in respect of the said debentures and hereinbefore agreed to be paid as aforesaid:

4. That all moneys which under the covenant hereinbefore in that behalf contained shall have been paid by the Secretary of State in Council, in satisfaction of the said principal sum of 25,400 l. secured by the said debentures shall be treated and considered as capital contributed by the Secretary of State in Council out of the revenues of India, to the joint stock of the Scinde Railway Company for the purposes of the said Indus Steam Flotilla, and in order to give full effect to the rights of the Secretary of State in Council, in respect of the capital contributed by the Secretary of State in Council, shall be at liberty at any time to name a person or persons into whose name or names, as trustee or trustees, for Her Majesty, on account of the Government of India, an equivalent number of Indus Steam Flotilla shares, or amount of Indus Steam Flotilla capital stock, may be placed and registered, and thereupon such shares or capital stock shall be so entered and registered accordingly, and such person or persons shall be and possess all the rights of a shareholder or shareholders:

5. And whereas it was the intention of the Secretary of State in Council, and the said Railway Company as parties to the said indenture of the 7th day of February 1859, that the sums be reserved and set apart out of the net receipts realised in any year, to the credit of the said Insurance and Contingency Fund, and the said Depreciation Fund respectively, should be respectively equal to 10 l. per cent. and 7 l. per cent. of the capital expended in the said steamboats, and other vessels; and it has been discovered that upon the literal construction of clause 17 of the said indenture, the sums to be reserved and set apart out of the net receipts realised in any half-year to the credit of the said funds respectively, are to be equal to the said per centages:

And whereas it has been agreed between the Secretary of State in Council and the said Railway Company, that in order to carry out the intention of the said parties, clause 17 of the said indenture shall be rectified in manner hereinbefore mentioned: Now this indenture further witnesseth that it is hereby agreed and declared between and by the Secretary of State in Council and the said Scinde Railway Company, that the said indenture of the 7th day of February 1859, shall be construed and take effect as if the expression "a sum equal to 5 l. per cent. of the capital expended on the said steamboats and other vessels," were and had been originally inserted in clause 17 of the said indenture, in lieu of the expression "a sum equal to 10 l. per cent. of the capital expended on the said steamboats and other vessels," in such clause contained, and as if the expression "a sum equal to 3 l. 10 s. per cent. of the capital expended on the said steamboats and other vessels," were, and had been originally inserted in clause 17 of

the said indenture, in lieu of the expression "a sum equal to 7 l. per cent. of the capital expended on the said steam boats and other vessels," in such clause contained: And it is also agreed and declared that, subject to the modification of the said indenture of the 7th day of February 1859, in manner aforesaid, the covenants and provisions of the said indenture shall remain in full force and effect.

In witness whereof, Major General William Erskine Baker, and William Urquhart Arbuthnot, Esq., being two Members of the Council of India, have hereunto set their hands and seals, and the said Railway Company have caused their common seal to be affixed the day and year first above written.

CONTRACT between the SECRETARY of STATE in Council and the SCINDE, PUNJAUB, and DELHI RAILWAY COMPANY, as to the Amalgamation of the Several Undertakings of the Company; dated 22nd June 1870.

THIS INDENTURE, made the 22nd day of June 1870, between the SECRETARY of STATE in COUNCIL of India of the one part, and the SCINDE PUNJAUB, and DELHI RAILWAY COMPANY, formerly called the SCINDE RAILWAY COMPANY (hereinafter called "the Company") of the other part.

WHEREAS the company were incorporated by "The Scinde Railway Act, 1855," for the purpose of making and maintaining such railway or railways in India as might be agreed upon by the company and the East India Company, and for other purposes, and were empowered to enter into, with the East India Company, on account of the Government of India, contracts for making any railway or railways in India, and for maintaining and working the same; and it was by the same Act provided that such contracts might include any provisions as to the application of the tolls, receipts, or profits of the said railways respectively, and any provisions for depositing with or paying to the East India Company all or any part of the subscribed capital of the company upon any terms (as to interest or otherwise) to be agreed on, and any provisions for the surrender or sale to the East India Company of the said railway or railways, or any part thereof, and all or any part of the property of the company at any future period, and generally all such provisions in relation to the undertakings of the company as the said parties should agree on:

And whereas by an indenture bearing date the 26th day of December 1855, and made between the East India Company of the one part and the Company of the other part: after reciting that the East India Company, considering the great advantage resulting from the construction of railways in India, had agreed to co-operate with the company in the construction of a line of railway from the port of Kurrachee to a point at or near Hyderabad, in the province of Scinde, in the manner and upon the terms and conditions thereafter mentioned. And that it was one of the terms of the said agreement that the company should pay into the Treasury of the East India Company the sum of 500,000 l. sterling, in certain proportions, at certain times prescribed, or to be prescribed by the East India Company; and in pursuance and part performance of such stipulation, the company had already paid into the Treasury of the East India Company the sum of 254,776 l. 10 s., part of the said sum of 500,000 l.; and reciting that the sum of 2,068 l. 18 s. 9 d. had been already expended by the company in a manner approved by the East India Company. It was by the indenture now in recital agreed:—

1st. That it should be lawful for the East India Company to determine, fix upon, and select the route and direction of a line of railway to commence at or near to Kurrachee, and to proceed to a point at or near to Hyderabad; and such selected

selected line of railway, of an estimated cost in the whole to be approved of by the East India Company, should be completed by the company, and opened for the conveyance of passengers and goods with all practicable speed.

2nd. That the East India Company should give notice to the company of the line when so selected as aforesaid, or of any part or parts thereof, as such part or parts should from time to time be fixed upon; and that it should be lawful for the East India Company from time to time to alter the said route or direction, or to extend or limit the same as they should think fit, after such notice as aforesaid, provided that if such alteration of route or direction should be made after the railway should have been commenced in the previously selected route or direction, the expense of such railway, or in any way incident to such alteration, should be considered as properly incurred by the company.

3rd. That the East India Company should, after the selection of the route and direction of the said line of railway, or of any part or parts thereof, and from time to time as might be necessary, provide the land which should be required for the said railway, or for the part or parts thereof so selected, and the works connected therewith, and for proper stations, offices, warehouses, and other conveniences for the same, and should give the company possession thereof; and that all land of which possession should be so given to the company, which should not be permanently required for the purposes of the company should as soon as practicable be restored to the East India Company.

4th. That the company should, on receiving possession of the same land, or any part thereof, forthwith, and subject to the supervision and control thereafter prescribed, proceed with diligence in the construction of the said line of railway, and of all such stations, offices, warehouses, fixed machinery and other works and conveniences as in the opinion of the East India Company (such opinion to be certified in writing) should be necessary or expedient, as well with reference to the original construction of the said railway and the working thereof, as with reference to the permanent maintenance thereof, and its protection from injury or destruction by inundation, tempests, or other causes whatsoever, and such railway should be made at such gradients, and should be furnished with rails of such weight and strength, and laid down in such manner, and should consist either of a single or double line of railway as the East India Company should in writing direct; and should, if required by the East India Company, and at such time or times as they should in writing require, be provided with an electric telegraph, constructed along all or such part or parts of the said railway, and upon such principle and under such regulations as to its use and the terms of its use as the East India Company should in writing direct or approve of; and the company should from time to time attend to, execute, and perform all such directions in writing as might from time to time be given by the East India Company for any deviations from or alterations in any directions or requisitions previously made or given with respect to the premises. And the company should, as soon as the said railway should be completed for such a distance as in the opinion of the East India Company should be desirable, open the same for the conveyance of passengers and goods.

5th. That it should be lawful for the East India Company from time to time, by notice in writing to the company, to require any specified part or parts of the said line of railway to be completed as aforesaid, and to be opened for the conveyance of passengers and goods before the remaining part or parts thereof should be constructed, and such requisitions should be complied with and fulfilled by the company.

6th. That the company should pay into the Treasury of the East India Company in London the sum of 243,154 *l.* 11 *s.* 3 *d.*, making together with the said sum of 254,776 *l.* 10 *s.* which had already been paid, and the said sum of 2,068 *l.* 18 *s.* 9 *d.*, which had been already expended as aforesaid, the sum of 500,000 *l.* sterling, by such instalments and at such times as the East India Company might prescribe, having regard to the provisions of the deed of settlement of the company as to the amount of calls, and the intervals between successive calls, and such payments might be made in sums of not less than 5,000 *l.* each in London; provided that if the company should receive any portions of their

capital already subscribed or thereafter to be subscribed in India, it should be lawful for them to pay the amount so received, in sums of not less than 5,000 rupees, into the Treasury at Bombay, in or towards satisfaction of the said instalments, and the acknowledgments of such respective payments there should, when produced to the East India Company in London, be considered and taken in part satisfaction as on the days of payment thereof respectively of the said sum of 500,000 *l.*, at the exchange of 1 *s.* 10 *d.* for each Government rupee; provided that such payments into the Treasury at Bombay should never exceed the amounts which might from time to time be required for expenditure in India, such limit being determined upon by the East India Company.

7th. That as often as and when any money should be required by the Company for any purposes in connexion with the said line of railway sanctioned by the East India Company, and in reference to the particular sums from time to time required only so far as such purposes should have been performed to the satisfaction of the East India Company, or when any money should be required for the performance of works sanctioned by the East India Company; while the same should be in course of execution the same might be drawn in such sums as should from time to time be necessary by the Company in London or at Bombay from the Treasury of the East India Company or the Government of India, according to such equitable arrangements as should be made from time to time with the East India Company for that purpose, but 10 days' notice of every such draft or proposed draft should be given to the said treasuries respectively, and all sums of money which should be so drawn at Bombay should be set off at the exchange of 1 *s.* 10 *d.* for each Company's rupee against the said sum of 500,000 *l.* sterling, or so much thereof as should have been paid into the Treasury of the East India Company as aforesaid, and the company should not in any case be entitled to draw in London or at Bombay to an extent greater than the balance in their favour for the time being.

8th. That when and so soon as the said line of railway, or any part or parts thereof which should have been required by the East India Company to be completed before the construction of the other parts should be completed and ready to be opened for the use of the public, and so from time to time as any such part thereof should be so completed and ready to be opened, the company should (subject to the supervision and control thereafter mentioned) provide, to the satisfaction of the said East India Company a good and sufficient working stock of engines, carriages, and other plant and machinery for working the said railway, or such part or parts thereof as should have been completed as aforesaid, and carrying on the business and traffic of the same, and the said railway company should forthwith commence and carry on the business of common carriers of goods and passengers upon the said railway, and for that purpose should cause to be run on the said railway so many trains, at such times and at such rates of speed and between such places and with such conveniences and accommodations as the East India Company should from time to time require, and the company should allow the use of the said railway to the public on such terms as should be approved by the East India Company, and the company should be authorised and empowered to charge such fares for the carriage of passengers and goods, and such tolls for the use of the said railway as should have been approved by the East India Company, and should not in any case charge any higher or different fares or tolls whatsoever without such approval being first obtained; but such fares or tolls should, when such receipts as were thereafter mentioned in any year have exceeded 10 per cent. upon the outlay, be reduced in accordance with any requisition of the East India Company in that behalf, but only with a view of limiting the said fares and tolls so far as the net receipts should not exceed 10 per cent. as aforesaid.

9th. That upon the completion of the said line of railway, or of any part or parts thereof which should have been required by the East India Company to be completed before the construction of the remaining part, the East India Company should grant to the said railway company a lease of or otherwise secure to them a right and title to the land which should have been provided under the provisions hereinbefore contained, or of so much thereof as should be required for the completed line and for the works and conveniences thereto belonging, for a term of 99 years, commencing from the 1st day of May 1855, unless the same should

should be sooner determined under the provisions therein contained, and the East India Company should guarantee to the company the quiet and undisturbed possession of such land, but should not be called upon to show any title thereto.

10th. That the company and their officers, servants, and agents, as also their accounts and affairs, should in all things be subject to the superintendence and control of the East India Company, as well in England as elsewhere, and in particular that no byelaws, contracts, orders, directions, proceedings, works or undertakings, acts, matters, or things whatsoever, should be made, done, entered into, commenced, or prosecuted by or on the part of the company, unless previously sanctioned in writing by the East India Company, or in some other manner to be prescribed by them; and that no moneys should be raised by the company by any other means than by calls upon or payments in respect of the shares in the same company without the sanction of the East India Company in writing; and no extension of the number of shares in the said railway company, or in the amount of its capital, should be made, unless sanctioned in like manner. And that it should be lawful for the East India Company from time to time to give to the company, their officers, servants, and agents, all such orders and directions as the East India Company should from time to time think fit with reference to the railway and works to which that contract related, and with reference to the manner and times of executing the same, and with reference to any contracts, orders, and directions to be entered into, made or given, with regard thereto, and otherwise with reference to the same, all which contracts, orders, and directions should be executed and followed by the company to the satisfaction of the East India Company, the costs and expenses of the same, which should have been allowed and sanctioned by the East India Company, being paid out of the capital of the company. And that for better enabling the East India Company to exercise the control and direction intended to be thereby secured, the company should record and keep in proper books for that purpose full and particular accounts of all their transactions and proceedings, including full and true minutes of all their meetings, meetings of directors, communications with India, and correspondence, so as at all times to exhibit thereby fully and truly the state of their affairs and proceedings, and that the East India Company, and any person or persons appointed by them in that behalf, should at all reasonable times have free access to all the books, accounts, papers and documents of the company (except communications between the company and their legal advisers), and power to make copies of or extracts from the same, whether such books, accounts, and documents related to the said railway and works, or to any other matters or things whatsoever in which the company should or might be interested, and for the purposes aforesaid it should be lawful for the East India Company from time to time to appoint any one person not being a shareholder in the company to be an *ex officio* director of the company, which director, if and when appointed, should rank as and be one of the board of directors of the company, and be entitled in all things to act as such, and to exercise at his discretion a right of veto in all proceedings whatsoever at boards of the said directors, except proceedings for the purpose of communicating with the legal advisers of the company, and should not be removable except by order of the East India Company, and should, in case the whole number of directors should at the time of his appointment be filled up, come and be in the place of the director who should retire from the direction according to the decision of the board, such decision being taken by ballot, but such government director should not be entitled to any salary from the company. Provided that nothing thereinbefore contained should authorise the East India Company to appoint any officers or servants of the company except such official director as aforesaid.

11th. That all the expenses of the said railway should from time to time be stated and submitted to the East India Company for their sanction and approval, and as between the said railway company and the East India Company, should be allowed so far only as the same should from time to time have been sanctioned and approved by the East India Company. Provided that the last-mentioned stipulation should not interfere with any such subsidiary agreement or agreements (if any) as from time to time might be made between the Company and the East India Company for the performance of any part or parts of the said

railway and works, at any sum or sums of money to be specified in such subsidiary agreement or agreements in which case the expenses in respect of the same should be allowed and taken at the sum or sums which should be so agreed upon.

12th. That a capital account relating to the said railway should be kept in manner therein mentioned.

13th. That at all times during the said determinable term of 99 years the said railway company should keep the said railway or so much thereof as should be completed and opened for traffic, and the works and conveniences belonging thereto, and the telegraphs on the said railway (if any) in a state of good repair, and in good working condition, to the satisfaction of the East India Company, and should keep the same fully provided with rolling stock and plant adequate to the service thereof to the satisfaction of the East India Company.

14th. That a revenue account relating to the said railway should be kept in manner therein mentioned.

15th. That the revenue of the said railway should be deposited in manner therein mentioned.

16th. That the East India Company should from time to time during the said determinable term of 99 years pay out of the revenues of India, to the Company in India, half-yearly, on the 30th day of June and the 31st day of December in every year, interest at the rate of 5 l. per cent. per annum on the said sum of 500,000 l. sterling, or on such parts thereof as should for the time being have been paid into the treasury of the East India Company as aforesaid, including the said sum of 2,068 l. 18 s. 9 d. expended as aforesaid (which was for all the purposes of that indenture to be regarded as having been paid into the said treasury on the 1st day of June in the then present year, and drawn out for the purposes of the company) such interest upon any part of the said sum of 500,000 l., being considered in the first instance as running from the day on which the same part should have been so paid or been deemed to have been so paid into the treasury of the East India Company.

17th. That if the expenditure of the said railway company in making the said railway and works, or otherwise in respect of the matters to be included in the said capital account should exceed the said sum of 500,000 l., the money necessary to meet such excess should be raised and paid by the company into the treasury of the East India Company, and the East India Company should from time to time during the then residue of the said determinable term of 99 years pay to the company half yearly on the days aforesaid, interest on such excess at the rate of 5 l. per cent. per annum on the same moneys to be calculated from the respective times when they should have been so paid into the treasury of the East India Company as aforesaid.

18th. That the net receipts of said railway should be applied in manner therein mentioned.

19th. That the company would at all times during the said determinable term convey on the said railway the Government mails and post bags and the guards and other servants of the post office in charge thereof free of charge, and when they were on duty all officers and persons in the administration of the post office also free of charge, and would also convey on the said railway when they were on duty the troops, both horse and foot, as well those of Her Majesty as those of the East India Company, and all other persons to whom the provisions of the Mutiny Acts for the time being in force for the Queen's forces and for the East India Company's forces respectively should be applicable, and all artisans on the business of the East India Company, the officers and persons of similar station in life to be entitled to travel in first class carriages at second-class fares and the troops and European artisans in second-class carriages at the lowest fares, and all other persons at the lowest fares, and would also convey on the said railway all general stores belonging to the East India Company, and all guns, ammunition, horses, and other animals used for military purposes, and all military stores, carriages, wagons, camp equipage, and equipments whatsoever, at the lowest rate for the time being chargeable for the carriage of such animals, goods, and merchandise, the several privileges of conveyance and carriage thereby stipulated for

for being at all times to be used and enjoyed in preference to and in priority over the public use of the said railway for conveyance and carriage.

20th. That the ultimate rights of property in the said railway, upon the expiration of the said term of 99 years by effluxion of time, should be such as therein mentioned.

21st. That a surrender of the said railway by the company to the East India Company, might be made at such time and upon such terms as were therein mentioned.

22nd. That the said railway might be purchased by the East India Company at such times and upon such terms as were therein mentioned.

23rd. That the East India Company might enter on the said railway on such default of the company, as is therein mentioned.

24th. That the repairs of the said railway might be done by the East India Company, in default of the company doing the same.

25th. That the East India Company might pay to the company an annuity, in lieu of a gross sum of money, as therein mentioned.

26th. That if all the capital raised should not be required for the purposes of the capital account, the surplus which should have been paid into the Bank of England to the account of the Secretary of State in Council should be refunded, with interest, as therein mentioned.

27th. That any notice, direction, approval, or sanction to be given or signified on the part of the East India Company for any of the purposes of the Indenture now in recital, should be sufficient and binding, if signed by the Secretary, or Deputy Secretary, of the East India Company in London, or by the Secretary of Government at Bombay, or by any other officer or servant of the East India Company duly authorised to act on behalf of the East India Company in respect of the matters to which the same should relate. And that the East India Company should not in any case be bound in respect of the matters aforesaid, unless by some writing signed in the manner thereinbefore mentioned.

28th. That the company should keep an office of the company at all times thereafter during the said term established at Bombay, or at such other place or places as should be agreed upon between the East India Company and the Company, and the company should keep at the said office an authorised agent, or authorised agents, with whom the East India Company and the Government at Bombay might communicate on affairs concerning the said railway, and all drafts drawn by the said agent or agents, and all receipts of and acts done by such agent or agents on behalf of the company, or concerning the said railway and works, and the affairs thereof should be binding on the company, and every notice to be given to the said company should be sufficiently given if left at the said office, or personally served on such agent or agents.

29th. That the East India Company should promote the passing, by the Governor General of India in Council, of any Act or Acts which should be necessary or convenient for enabling the company to fulfil in India the objects of their undertaking, according to the terms and provisions of the indenture now in recital:

And whereas by "The Scinde Railway Act, 1857," after reciting that surveys had been made for the said railway, and that the said company were about to commence the construction thereof, and that the company were then in negotiation with the East India Company for raising capital and making other arrangements for the purpose of making and maintaining, in addition to the said railway from Kurrachee to Hyderabad (in that Act and herein called the Scinde Railway), a railway in the Punjab territory from Mooltan to Lahore and Umritsir (in that Act and herein called the Punjab Railway), and also for establishing and maintaining communication on the river Indus, between Hyderabad and Mooltan, by means of steamboats, and other vessels (herein called the Flotilla), it was amongst other things enacted, that "The Scinde Railway Act, 1855," should be repealed, but that notwithstanding such repeal, the company should continue incorporated, for the purpose of making and working the

Scinde Railway, and the other railways by that Act authorised to be made, and any works connected therewith, and for building, hiring, and employing steamboats, and other vessels, for the purpose of establishing communication on the river Indus, and other waters between or in communication with any such railways, and for other purposes; and it was thereby also enacted, that the hereinbefore recited indenture should continue in force with respect to the company. And by the same Act the company were empowered from time to time to enter into contracts with the East India Company with respect to, among other things, the making, maintaining, working, and using by the company of the Scinde Railway, and of the Punjab Railway, as then proposed respectively, or any other railway or railways in India, and any works and conveniences connected therewith, the building, providing, hiring, and employing of steamboats, and other vessels, and the construction of all necessary works, quays, and wharves, for the purposes of the undertaking, the acquiring by the company of lands in India for the purposes of their undertakings, the obtaining by the company of any guarantee of interest on the capital of the company, the depositing with or paying to the East India Company of all or any part of the subscribed capital, or other money of the company, upon any terms as to interest or otherwise, the making provision with respect to any lands granted or leased to the company by the East India Company or otherwise, the surrendering or selling at any future period to the East India Company of the railways, or any part thereof, or all or any part of the property of the company. And it was by the said Act also enacted, that the shares in the then present capital, and in any additional capital raised for the purposes of the Scinde Railway, should be called "Scinde Railway Shares," the shares in the additional capital which should be raised for the purposes of the Punjab Railway should be called "Punjab Railway Shares," and the shares in the additional capital which should be raised for the purpose of traffic on the river Indus should be called "Indus Steam Flotilla Shares," and that the company should keep separate and distinct accounts of their receipts, credits, payments, and liabilities with respect to the Scind Railway, the Punjab Railway, and the Indus Flotilla respectively, and such accounts respectively should, as to capital and revenue, be kept distinct:

And whereas, under the provisions of the Act passed in the 21st and 22nd years of Her Majesty, intituled "An Act for the Better Government of India," the benefit of the hereinbefore recited indenture become vested in Her Majesty for the purposes of the Government of India, and save as otherwise provided by the same Act, one of Her Majesty's principal Secretaries of State has and may perform all such and the like powers and duties relating to the government or revenues of India, as might or should have been exercised or performed by the East India Company, and the Secretary of State in Council, with the concurrence of a majority of votes at a meeting of the Council of India, has full power to enter into any contracts whatsoever which may be thought fit for the purposes of that Act, and all moneys payable in respect of the said indenture, and all liabilities to be contracted on account of the Government of India are charged and chargeable on the revenues of India:

And whereas by an indenture bearing date the 7th day of February 1859, and made between the Secretary of State in Council of the one part, and the company of the other part, it was agreed that the company should, under the supervision of the Secretary of State in Council, build or hire steamboats, and other vessels, required to form the flotilla, and should construct all docks, quays, wharves, stations, warehouses, and other works and conveniences required for the purpose of the same at an estimated cost of 250,000 L., and that the land required for such docks, quays, wharves, stations, warehouses, works, and conveniences, should be provided by the Secretary of State in Council, and that the capital which had then been subscribed for the purposes of the flotilla, and any further moneys which might be required for the same purposes, should be paid by the company into the Bank of England to the account of the Secretary of State in Council, to be from time to time drawn out for the purposes of the works, and that the land to be provided as aforesaid for the said docks, quays, wharves, stations, warehouses, and other conveniences, should, on the completion of the same, be leased to the company by the Secretary of State in Council for the term of 99 years from the date of the indenture now in recital. And by the indenture

indenture now in recital, it was provided that the net receipts realised during any half-year from the flotilla, after deducting therefrom all sums which should have been expended in the repairs and maintenance of such steamboats, and other vessels, and of the said works and conveniences, or had been duly apportioned to the account of the flotilla, for the management and conduct of the company and its affairs, and which should have been allowed or sanctioned by the Secretary of State in Council, should be in the first place applied in or towards forming two funds, to be called the "Insurance and Contingency Fund," and the "Depreciation Fund" respectively, in manner following (that is to say), on each of the half-yearly days therein mentioned there should be reserved out of the net receipts of the half-year ending with that day, and be set apart to the credit of the Insurance and Contingency Fund a sum equal to 10% per cent. of the capital expended on the said steamboats, and other vessels, as appearing by the capital account to be made up and certified as therein mentioned, and the moneys so reserved and set apart should from time to time be applied under the sanction and with the approval of the Secretary of State in Council, in making good all loss and damage to the said flotilla occasioned by any casual or unforeseen events or emergencies. And on each of the half-yearly days therein mentioned, there should be reserved out of the net receipts of the half-year ending with that day, and be set apart to the credit of the Depreciation Fund, a sum equal to 7% per cent. of the capital expended on the said steamboats, and other vessels, as appearing by the said capital account as aforesaid, and such Depreciation Fund should from time to time be applied under the sanction and with the approval of the Secretary of State in Council, in renewing and keeping up the flotilla, and in making any payment for those purposes which would properly be made out of capital in the same manner, and under the same restrictions, as the original capital was thereinbefore authorised to be applied, and all the moneys from time to time to be carried to the credit of the Insurance and Contingency Fund, and the Depreciation Fund respectively, should remain in the treasury of the Government at Bombay until required for any of the purposes for which such funds were to be respectively formed, and interest be allowed thereon by the said Government, so long as such moneys should remain in the said treasury, at the rate of 5% per cent. per annum, half-yearly, on the days therein mentioned. And in the indenture now in recital were contained provisions relating to the guarantee, by the Secretary of State in Council, of interest on the capital of the company paid to the Secretary of State in Council for the purposes of the flotilla, and for the application of the net receipts of the company on account of the Indus Steam Flotilla, subject to the formation of the said two funds, and for the surrender by the company of, and for the purchase by the Secretary of State in Council of the Indus Steam Flotilla, and otherwise relating to the flotilla similar *mutatis mutandis* to the provisions contained in the hereinbefore recited indenture of the 26th day of December 1855, concerning the guarantee of interest on the capital of the company, paid to the East India Company for the purposes of the Scinde Railway, and concerning the surrender and purchase of the Scinde Railway, and otherwise relating to the Scinde Railway. The sum to be paid by the Secretary of State in Council for the purchase of the flotilla being determined according to the mean market value in London of Indus Steam Flotilla Shares during the three years immediately preceding the expiration of the period of 25 years, or 50 years (as the case might be), from the date of the indenture now in recital :

And whereas by an indenture bearing date the 4th day of March 1859, and made between the Secretary of State in Council of the one part, and the Company of the other part, it was, amongst other things, agreed that the company should construct a line of railway from, at, or near Mooltan, to or near to Lahore and Umritsir (herein called the Punjab Railway), at an estimated cost of 1,500,000*l.*, and that the land required for the same railway should be provided by the Secretary of State in Council, and that the capital which had then been subscribed for the purposes of the same railway, and any further moneys which might be required for the same purposes, should be paid by the company into the Bank of England to the account of the Secretary of State in Council, to be from time to time drawn out for the purposes of the railway and works, and that the land to be provided, as aforesaid, for the same railway should, on the completion thereof, be leased to the company, by the Secretary of State in Council,

for the term of 99 years from the day of the date of the indenture now in recital. And by the indenture now in recital, covenants and agreements were entered into relating to the guarantee, by the Secretary of State in Council, of interest on the capital of the company paid to the Secretary of State in Council for the purposes of the Punjaub Railway, and for the application of the net receipts of the company on account of the Punjaub Railway, and for the surrender by the company of and for the purchase by the Secretary of State in Council of the Punjaub Railway, and otherwise relating to the Punjaub Railway, similar *mutatis mutandis* to the provisions contained in the hereinbefore recited indenture of the 26th day of December 1855, concerning the guarantee of interest on the capital of the company paid to the East India Company for the purpose of the Scinde Railway, and concerning the application of the net receipts of the company on account of the Scinde Railway, and concerning the surrender and purchase of the Scinde Railway, and otherwise relating to the Scinde Railway, the sum to be paid by the Secretary of State in Council for the purchase of the Punjaub Railway, being determined according to the mean market value in London of Punjaub Railway Shares during the three years immediately preceding the expiration of the period of 25 years, or 50 years (as the case might be) from the date of the indenture now in recital.

And whereas by an indenture bearing date the 23th day of June 1863, and made between the Secretary of State in Council of the one part, and the Company of the other part, it was, amongst other things, agreed that the company should construct a line of railway from, at, or near Umritsur to or near Delhi (herein called the Delhi Railway), at an estimated cost of 2,500,000 £, and that the land required for the same railway should be provided by the Secretary of State in Council, and that the capital which had then been subscribed for the purposes of the same railway, and any further moneys which might be required for the same purposes, should be paid by the company into the Bank of England, to the account of the Secretary of State in Council, to be from time to time drawn out for the purposes of the works, and that the land to be provided as aforesaid for the same railway should on the completion thereof be leased to the company by the Secretary of State in Council for the term of 99 years from the date of the indenture now in recital. And by the indenture now in recital covenants and agreements were entered into relating to the guarantee by the Secretary of State in Council of interest on the capital of the company paid to the Secretary of State in Council for the purposes of the Delhi Railway and for the application of the net receipts of the company on account of the Delhi Railway, and for the surrender by the company of and for the purchase by the Secretary of State in Council of the Delhi Railway and otherwise, relating to the Delhi Railway similar *mutatis mutandis* to the provisions contained in the hereinbefore recited indenture of the 26th day of December 1855, concerning the guarantee of interest on the capital of the company paid to the East India Company for the purposes of the Scinde Railway, and concerning the application of the net receipts of the company on account of the Scinde Railway, and concerning the surrender or purchase of the Scinde Railway, and otherwise relating to the Scinde Railway, the sum to be paid by the Secretary of State in Council for the purchase of the Delhi Railway being determined according to the mean market value in London of the shares and capital stock in the company issued or created for the purposes of the Delhi Railway during the three years immediately preceding the expiration of 25 years or 50 years (as the case might be), from the date of the indenture now in recital :

And whereas by an indenture bearing date the 6th day of June 1864, and made between the Secretary of State in Council of the one part, and the company of the other part, the Treasury of the Government of India at Lahore was substituted for the purposes of the said indenture of the 4th day of March 1859, for the Treasury of the Government of India at Bombay :

And whereas by an indenture bearing date the 17th day of January 1867, and made between the Secretary of State in Council of the one part, and the Company of the other part, the Secretary of State in Council guaranteed payment of the principal sum of 25,400 £. (which formed part of a sum of 83,000 £. raised by the company), on debentures for the purposes of the said flotilla (of which the remainder had been paid off or converted into stock), with interest thereon, at the rate of 5 £. per cent. per annum ; and by the same indenture, after

after reciting that it was the intention of the Secretary of State in Council and the Company, as parties to the said indenture of the 7th day of February 1859, that the sums to be reserved and set apart out of the net receipts realised in any year to the credit of the said Insurance and Contingency Fund and the said Depreciation Fund respectively, should be respectively equal to 10 *l.* per cent. and 7 *l.* per cent. of the capital expended in the said steamboats and other vessels, and it had been discovered that upon the literal construction of the same indenture the sums to be reserved and set apart out of the net profits realised in any half-year to the credit of the said funds respectively were to be equal to the said percentages, and that in order to carry out the intention of the parties it had been agreed that the same indenture should be rectified. It was by the indenture now in recital declared that the said indenture of the 7th day of February 1859, should be construed and take effect as if the expression "a sum equal to 5 *l.* per cent. of the capital expended on the said steamboats and other vessels" were and had been originally inserted in the said indenture in lieu of the expression, "a sum equal to 10 *l.* per cent. of the capital expended on the said steamboats and other vessels" in the same indenture contained, and as if the expression, "a sum equal to 3 *l.* 10 *s.* per cent. of the capital expended on the said steamboats and other vessels," were and had been originally inserted in the same indenture in lieu of the expression, "a sum equal to 7 *l.* per cent. of the capital expended on the said steamboats and other vessels" in the same indenture contained:

And whereas by "The Scinde Railway Company's Amalgamation Act, 1869," after reciting that it was expedient that the company should be empowered to amalgamate their said separate undertakings or any two or more thereof for the time being into one united undertaking, on the terms and in the manner therein-after provided, and to make further agreements with the Secretary of State in Council of India, relating to their said separate or united undertakings, and should have power to change the name of the company and have other the powers thereafter conferred. It was, amongst other things, enacted that it should be lawful for the company at any time with the sanction of the Secretary of State in Council, and with such consent of their several classes of shareholders as thereafter mentioned, to amalgamate into one united undertaking all their separate undertakings for the time being, and that no such amalgamation should be determined upon or take place unless and until a scheme embodying the terms thereof should have been submitted to the shareholders of each of the separate undertakings proposed to be thereby amalgamated at a general meeting of the company specially convened for the purpose, and should have been separately agreed to by three-fourths of the votes of the shareholders of each such separate undertaking voting personally or by proxy at such meeting, that the company might from time to time negotiate for, conclude, enter into with the Secretary of State in Council, and carry into effect any contract or agreement for amongst others the following purposes (that is to say) the cancellation, surrender, or modification of any existing contracts, leases, rights, or guarantees relating to any of the company's undertakings, and the substitution therefor of any new contracts, leases, rights, or guarantees relating to the same undertakings or any united undertaking formed by the amalgamation thereof. The construction, establishment, and maintenance of any new railway, flotilla, or other works in India as part of and in connexion with any united or separate undertaking of the company, the obtaining from the Secretary of State in Council of a guarantee of interest on the share capital of any united undertaking and moneys raised for the purposes thereof. The payment to the Secretary of State in Council of the capital subscribed or moneys raised for the purposes of any united undertaking or any part thereof upon any terms as to interest or otherwise that might be agreed on the application of the revenue of any united undertaking, and the surrendering or selling at any future period to the Secretary of State in Council or any other persons of the railways or any part thereof. And it was by the Act now in recital also enacted that the company and the Secretary of State in Council respectively from time to time might negotiate for, conclude, and enter into any contracts or arrangements for the purposes of the same Act, in addition to or by way of repeal or modification of any contracts or arrangements theretofore entered into by them under the powers of the hereinbefore recited Acts, or

of that Act, and that it should be lawful for the company, with such consent of the shareholders as therein mentioned, to change the name of the company.

And whereas the company have raised the said sum of 500,000 *l.*, mentioned in the said indenture of the 26th day of December 1856, by the issue of Scinde Railway shares, and they have also raised at different times various sums by the issue of like shares, the sums so raised amounting in the aggregate with the said sum of 500,000 *l.* to the sum of 1,767,000 *l.*, and they have also raised on loan for the purposes of the Scinde Railway various sums amounting in the aggregate to 483,000 *l.*, some portion of which has since been converted into stock, and they have also raised the said sum of 250,000 *l.* mentioned in the said indenture of the 7th day of February 1859, by the issue of Indus Steam Flotilla shares, and they have also raised by the issue of like shares at different times sums amounting in the aggregate with the said sum of 250,000 *l.* to the sum of 330,000 *l.*, and they have also raised on loan for the purposes of the Indus Steam Flotilla the sum of 83,000 *l.*, of which the sum of 25,400 *l.* mentioned in the said indenture of the 17th of January 1867, is part, the remainder of the said sum of 83,000 *l.*, having since been paid off or converted into stock, and they have raised the said sum of 1,500,000 *l.* mentioned in the said indenture of the 4th day of March 1859, by the issue of Punjab Railway shares, and they have also raised at different times various sums by the issue of like shares the sums so issued, amounting in the aggregate with the said sum of 1,500,000 *l.* to the sum of 2,000,000 *l.*, and they have also raised on loan, for the purposes of the Punjab Railway, sums amounting in the aggregate to the sum of 500,000 *l.*, whereof the sum of 200,000 *l.* has since been paid off, and they have raised the said sum 2,500,000 *l.*, mentioned in the said indenture of the 23rd day of June 1863, by the issue of Delhi Railway shares, and they have also raised for the purposes of the Delhi Railway, by the issue of like shares, a sum amounting in the aggregate, with the said sum of 2,500,000 *l.*, to the sum of 5,000,000 *l.*, and the moneys so raised as hereinbefore is mentioned constitute the whole capital of the company :

And whereas the East India Company and the Secretary of State in Council provided the land required for the said railways and flotilla in pursuance of the said agreements in that behalf, and the said Scinde Railway and Punjab Railway have respectively been for some time opened throughout for traffic, and the Indus Steam Flotilla has also for some time been constructed and employed for traffic, but the said Delhi Railway has not yet been completed :

And whereas no leases have been granted of any of the railways, works, or premises by the hereinbefore recited indentures respectively agreed to be leased :

And whereas the net profits of the Indus Steam Flotilla have from time to time been set aside and carried to a separate account by the Secretary of State in Council, but no specific appropriation of any part of such net profits to the Insurance and Contingency Fund or to the Depreciation Fund, provided for in the contracts relating to the said flotilla has ever been made, but payments have from time to time been made out of such net profits to meet the expenses of repairs and renewals of the said flotilla :

And whereas the amount, including interest, which on the 1st day of January 1870, was standing to the credit of the net profits of the said flotilla was 182,288 *l.*, or thereabouts :

And whereas the Secretary of State in Council has at different times advanced to the company moneys for the purposes of the flotilla upon the understanding that such moneys would be raised and repaid by an increase of capital of the company, and such moneys on the 31st of December 1869 amounted to the sum of 346,344 *l.* 7 *s.* 5 *d.* :

And whereas it has been agreed that the sums which at the time of the amalgamation hereinafter mentioned shall be standing to the credit of the said net profits of the Indus Steam Flotilla, shall be applied, so far as the same will extend, in repayment to the Secretary of State in Council of the said sum of 346,344 *l.* 7 *s.* 5 *d.* so advanced by him to the company as aforesaid, and that to that extent the capital proposed to be raised for the purpose of repaying the same sum shall not be raised :

And

And whereas at a general meeting of the company held at the London Tavern, Bishopgate-street, on the 30th day of May 1870, and specially convened for that purpose, pursuant to due notice in that behalf under the provisions of the several Acts of Parliament relating to the Company, a scheme for the amalgamation of the separate undertakings of the company was submitted to the meeting, and separately agreed to by three-fourths of the votes of the shareholders of each of the said separate undertakings voting personally or by proxy at that meeting :

And whereas the said scheme provided that the said amalgamation should take effect as from the 1st day of July 1870, and that certain modifications therein mentioned, should the consent of the Secretary of State in Council be obtained thereto, be made in the existing contracts between the Secretary of State in Council and the Company, which modifications are intended to be made by these presents :

And whereas at the said meeting the name of the company was changed to the Scinde, Punjaub, and Delhi Railway Company :

And whereas it has been agreed that the several undertakings of the company shall be amalgamated upon the terms and subject to the conditions hereinafter mentioned or referred to :

And whereas the covenants hereinafter entered into on the part of the Secretary of State in Council are entered into with the concurrence of a majority of votes at a meeting of the Council of India :

NOW THIS INDENTURE WITNESSETH that in consideration of the premises the company do hereby, for themselves and their successors (so far as the covenants and agreements hereinafter contained are to be observed and performed by them) covenant with the Secretary of State in Council, and the Secretary of State in Council doth hereby for himself (so far as the covenants and agreements hereinafter contained are to be observed and performed by the Secretary of State in Council) covenant with the company and their successors in manner following (that is to say) :—

1st. That the Secretary of State in Council shall retain the sums which on the 1st day of July 1870 shall be standing to the credit of the said net profits of the Indus Steam Flotilla in liquidation, so far as the same will extend, of the said sum of 346,344 l. 7 s. 5 d., so as aforesaid, owing by the company to the Secretary of State in Council, and to that extent the capital proposed to be raised by the company in order to repay the last-mentioned sum shall not be raised.

2nd. That the said several undertakings of the company shall, as from the said 1st day of July 1870, be amalgamated into one united undertaking, subject to the provisions herein contained.

The several undertakings to be amalgamated.

3rd. That, from and after the time of amalgamation the ninth clause of the said indenture of the 26th day of December 1855, and the corresponding clauses in each of the said indentures of the 7th day of February 1859, the 4th day of March 1859, and the 23rd day of June 1863, shall be rescinded and have no effect, and that in lieu of the said several clauses so rescinded the following clause shall have effect, namely :—

Lease to be granted for altered term.

“That the Secretary of State in Council will, when required so to do by the company, grant to the company a lease of, or otherwise secure to them a right and title to so much of the land which has been or shall be provided under the provisions of the said indentures, or any of them, as is or shall be required for the said railways and flotilla, and for the works and conveniences thereto respectively belonging, or for such parts of the said railways, flotilla, works, and conveniences as are or shall be completed, for a term of 99 years, from the 1st day of January 1860, unless the same shall be sooner determined, under the provisions herein contained ; and the Secretary of State in Council shall guarantee to the company the quiet and undisturbed possession of such land, but shall not be called upon to show any title thereto.

4th. That from and after the time of amalgamation the 12th clause of the said indenture

Capital account.

indenture of the 26th day of December 1855, and the corresponding clause in each of the said indentures of the 7th day of February 1859, the 4th day of March 1859, and the 23rd day of June 1863, shall be rescinded and have no effect, and that in lieu of the several clauses so rescinded as last aforesaid, the following clause shall have effect, namely:—

“That a capital account relating to the construction of all the said railways, and the flotilla, and the works, conveniences, and telegraphs thereto belonging, and relating to the original cost of the engines, carriages, and the plant and machinery to be called ‘The capital account of the Scinde, Punjaub, and Delhi Railway Company,’ shall be kept by the company, to which account all moneys paid by the company, the expenditure of which has or shall have received the sanction and approval of the Secretary of State in Council, shall from time to time be carried, and when and so soon as all the said railways and the flotilla and works belonging thereto respectively shall have been completed and furnished with the necessary rolling stock and plant, or at any earlier time or times if the Secretary of State in Council shall require the same, the said capital account shall be made up, and a statement shall be furnished to the Secretary of State in Council of the aggregate amount of capital which, according to such account, shall have been expended, and such amount shall by examination of such account be ascertained and certified by the Secretary of State in Council, and the cost of maintaining all the said railways and the flotilla, with their machinery and stock in good working condition, shall at all times be payable by the company out of the revenue of the united undertaking, including any interest to be received from the Secretary of State in Council as in the said indentures mentioned; but upon any additions, alterations, or improvements such as shall properly be chargeable to the capital account being at any time made with the sanction and approval of the Secretary of State in Council, to, of, or in the said railways and flotilla, or any of them, or the works, conveniences, telegraphs, engines, carriages, plant, or machinery belonging to the said railways and flotilla, or to any of them, the cost necessarily incurred in executing such additions, alterations, or improvements shall be added to the said capital account, and the said capital account shall from time to time be made up and stated afresh as occasion shall require, and be ascertained and certified accordingly.”

Revenue account.

5th. That, from and after the time of amalgamation, the 14th clause of the said indenture of the 26th day of December 1855, and the corresponding clause in each of the said indentures of the 7th day of February 1859, the 4th day of March 1859, and the 23rd day of June 1863, shall be rescinded and have no effect, and that in lieu of the several clauses so rescinded as last aforesaid, the following clause shall have effect, *videlicet*:—

“That the company shall, in such forms and under such heads or divisions as shall be prescribed by the Secretary of State in Council, keep accounts of all receipts and payments whatsoever in respect of the said railways and flotilla (other than such receipts and payments as properly belong to the capital account hereinbefore agreed to be kept); and such accounts shall be called ‘The Revenue Accounts of the Scinde, Punjaub, and Delhi Railway Company,’ and shall be made up half-yearly to the 30th day of June and the 31st day of December in every year, or to such other days in the year as the Secretary of State in Council shall appoint, and shall be regularly transmitted to the Secretary of State in Council, who shall be at liberty at all times in auditing the same accounts to make any correction therein which may be necessary.”

Deposit of
revenue and
drafts thereon.

6th. That from and after the time of amalgamation the 15th clause of the said indenture of the 26th day of December 1855, and the corresponding clauses in each of the said indentures of the 7th day of February 1859, the 4th day of March 1859, and the 23rd day of June 1863, shall be rescinded and have no effect, and that in lieu of the several clauses so rescinded, as last aforesaid, the following clause shall have effect, *videlicet*:—

“That all the earnings of all the said railways and the flotilla received by or on account of the company in India shall be paid at such times, and in such

such manner as the Secretary of State in Council shall direct, without any deduction, under any pretence whatever, into the Treasury of the Government of India at Lahore, Bombay, or elsewhere, as the Secretary of State in Council may direct, to an account to be called 'The Revenue Account of the Scinde, Punjab, and Delhi Railway Company,' and when any money shall be required by the company for any purposes in connection with the said railways and flotilla, or any of them sanctioned by the Secretary of State in Council, such money may be drawn by the company according to such arrangements as shall from time to time be made with the Secretary of State in Council for that purpose."

7th. That from and after the time of amalgamation, the 18th clause of the said indenture of the 26th day of December 1855, and the corresponding clauses in each of the said indentures of the 7th day of February 1859, the 4th day of March 1859, and the 23rd day of June 1863, including the provisions in the said indenture of the 7th day of February 1859, as altered by the said indenture of the 17th day of January 1867, for creating the said Insurance and Depreciation Funds, shall be rescinded and have no effect, and that in lieu of the several clauses so rescinded as last aforesaid, the following clause shall have effect, *videlicet* :—

Application of net receipts.

"That the net receipts which shall be realised during any half-year, or as to any portion of the said railways and works which may hereafter begin to be worked from the commencement up to the first of the aforesaid half-yearly days on the said railways and flotilla, or any of them, or any part thereof respectively, after deducting therefrom all sums which shall have been expended in the repairs and maintenance of the said railways, flotilla, and works, and the repair and restoration of the rolling stock and plant belonging thereto respectively, and in the management and conduct of the company and its affairs, and which shall have been allowed or sanctioned by the Secretary of State in Council and also deducting such sums (if any) as with the consent of the Secretary of State in Council may be appropriated and set apart for repairing, restoring, and making good any deterioration of the railways, flotilla and works, or stock and plant, or any of them, and for the current expenses of working the said railways and flotilla, the money to be so appropriated and set apart as a reserve fund, or any part thereof being invested and accumulated or otherwise dealt with till required for application in any manner the company may think fit (subject to the sanction and approval of the Secretary of State in Council), shall from the time of amalgamation belong to the Secretary of State in Council as part of the revenues of India, provided always that in case in any half-year such net receipts after making such deductions as aforesaid shall exceed the aggregate amount of interest payable for such half-year by the Secretary of State in Council under the contracts for the time being subsisting, guaranteeing payment of interest, then and in every such case a moiety of such excess shall belong and be paid to the company for their own use and benefit. And it is hereby declared that the provision hereby made for the application of the said net receipts shall from the time of amalgamation be substituted for and supersede every provision, as to the application of net receipts in any contract then subsisting between the Secretary of State in Council and the Company, and every such provision as last aforesaid shall from that time cease to have any effect."

8th. That from and after the time of amalgamation the 20th clause of the said indenture of the 26th day of December 1855, and the corresponding clauses in each of the said indentures of the 7th day of February 1859, the 4th day of March 1859, and the 23rd day of June 1863, shall be rescinded and have no effect, and that in lieu of the several clauses so rescinded as last aforesaid, the following clause shall have effect, *videlicet* :—

Ultimate rights of property.

"That at the end of the said term of 99 years hereby agreed to be granted by effluxion of time the land to be provided as in the said several indentures respectively mentioned, with all the said railways and the flotilla and all buildings, works, fixed machinery, telegraphs, and conveniences whatsoever belonging thereto respectively shall revert to and become the property of Her Majesty, Her heirs and successors, for the purposes of the

Government of India, free from all debts and charges whatsoever, save such as shall have been sanctioned by the Secretary of State in Council, and any lands in Great Britain which may then be held by the company for the purposes of their undertaking shall be sold and the clear moneys produced by such sale shall be paid into the Bank of England to the account of the Secretary of State in Council, and the company shall deliver to the Secretary of State in Council as their property on the same account all plans, surveys, sections, books, printings, writings, drawings and documents whatsoever in anywise connected with the undertakings and affairs of the company or any of them, and the company shall sell, and the Secretary of State in Council on behalf of her Majesty and for the purposes of the Government of India shall purchase, all the engines, carriages, steam-boats, vessels, stock, machinery and plant which shall be then used in working the said railways and flotilla or any of them, or otherwise in connection therewith or belonging thereto for such sum of money as shall be the fair value thereof, the same to be determined in case of difference by a valuation to be made by referees or by their umpire, to be respectively appointed in the usual manner, and the Secretary of State in Council shall pay out of the revenues of India to the company in London the sum of money to be so determined within four months after such determination, with interest thereon at the rate of 5 l. per cent. per annum from the expiration of the said term of 99 years hereby agreed to be granted."

Surrender.

9th. That from and after the time of amalgamation the 21st clause of the said indenture of the 26th day of December 1855, and the corresponding clause in each of the said indentures of the 7th day of February 1859, the 4th day of March 1859, and the 23rd day of June 1863, shall be rescinded and have no effect, and that in lieu of the several clauses so rescinded as last aforesaid, the following clause shall have effect, *videlicet* :—

"That it shall be lawful for the company at any time during the said term of 99 years hereby agreed to be granted to give notice in writing of their intention to surrender and relinquish the said railways, flotilla and works on any day to be mentioned in such notice, so that such notice be served at least six calendar months before that day, both on the Secretary of State in Council in London and also on the Secretary to the Government of the Punjab at Lahore, and in case of such notice being given the company shall at the expiration thereof surrender and relinquish to Her Majesty for the purposes of the Government of India all the said railways, flotilla and works accordingly, together with the telegraphs (if any), and shall with all convenient speed sell any lands in Great Britain which may then be held by the company for the purposes of their undertakings, and pay the clear moneys to be produced by such sale into the Bank of England to the account of the Secretary of State in Council of India, and shall deliver to the Government or their authorised agents on behalf of Her Majesty for the purposes of the Government of India the engines, carriages, steam-boats, vessels, stock, plant and machinery belonging to the said railways, flotilla and works, or any of them; and all plans, surveys, sections, printings, writings, drawings, and documents whatsoever connected therewith, and the premises to be so surrendered and delivered shall be accepted and received accordingly, it being expressly agreed that the said railways, flotilla, works, stations, telegraphs, engines, carriages, steamboats, vessels, stock, plant and machinery, shall at the time of such surrender and delivery be in good working order, according to the covenants in that behalf in the hereinbefore recited indentures contained on the part of the company, and immediately upon such surrender and delivery being made, the Secretary of State in Council shall be bound to pay out of the revenues of India to the company the capital expended by the company upon the said railways, flotilla, works and premises so to be surrendered and delivered, such expended capital being ascertained and certified in the manner hereinbefore mentioned, together with such parts (if any) of the capital raised for the purposes of the said indentures and these presents, or any of them as shall remain in the Bank of England to the account of the Secretary of State in Council, and to discharge and indemnify the company from all debts and liabilities incurred with the sanction of the Secretary of State in Council

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in respect of the said railways and flotilla or any of them, and thereupon the covenants in the said indentures contained for payment of interest by the Secretary of State in Council shall cease as from the day upon which the said railways, flotilla, and works are to be surrendered and accepted, and all claims by the Secretary of State in Council on account of interest on the company in respect of the said railways and flotilla, or any of them, shall also cease, and the Secretary of State in Council shall be at liberty to retain out of any moneys payable to the company, the amount of all claims and demands of any sort then existing against the company on their revenue account in respect of the said railways and flotilla, or any of them, and which shall not be shown to have been fully satisfied and discharged until the same shall have been shown to be so satisfied and discharged: Provided always that the Secretary of State in Council shall not be liable to refund any sum expended in the maintenance or working of the said railways and flotilla or any of them, or any part thereof respectively, after the same shall have been opened, which sum is to be provided by the company out of the revenues of the undertakings and interest as hereinbefore provided or otherwise."

10th. That, from and after the time of amalgamation, the 22nd clause of the said indenture of the 26th day of December 1855, and the corresponding clause in each of the said indentures of the 7th of February 1859, the 4th day of March 1859, and the 23rd day of June 1863, shall be rescinded and have no effect, and that in lieu of the several clauses so rescinded as last aforesaid, the following clause shall have effect, *videlicet* :—

"That at any time within six calendar months after the expiration of the first 25 years of the said term of 99 years hereby agreed to be granted, or at any time within six calendar months after the expiration of the first 50 years of the same term, it shall be lawful for the Secretary of State in Council to give notice to the company in London and at Lahore, of his intention to purchase on behalf [of Her Majesty, for the purposes of the Government of India, the said railways, flotilla, and works, together with stations and telegraphs, and the engines, carriages, steamboats, vessels, stock, plant, and machinery belonging to the said railways, flotilla, and works, or any of them, but subject to such debts and liabilities (if any) as may have been incurred to Her Majesty or to the Secretary of State in Council, or to any person or persons, with the sanction of the Secretary of State in Council, and to interest on such of the said debts as carry interest, from the day on which possession shall be taken of the said railways, flotilla, and premises, but not from any earlier time, and thereupon at the half-yearly day but one following such notice, the land provided by the Secretary of State in Council, with the railways thereon, and the flotilla, and all buildings, works, fixed machinery, stations, telegraphs, and conveniences whatsoever connected therewith respectively, shall revert to and become the property of Her Majesty for the purposes of the Government of India. And in case any lands in Great Britain shall then be held by the company for the purpose of their undertakings, the same shall be sold, and the clear moneys to be produced by such sale shall be paid into the Bank of England to the account of the Secretary of State in Council of India, and the company shall at the same time deliver to the Government or their authorised agents on behalf of Her Majesty, for the purpose of the Government of India, the engines, carriages, steamboats, vessels, stock, plant, and machinery belonging to the said railways, flotilla, and works, and all plans, surveys, sections, books, printings, drawings, writings, and documents whatsoever in anywise relating thereto respectively, and the Secretary of State in Council shall be bound to pay in London out of the revenues of India on the said half-yearly day for the purchase of all the same premises a sum equal to the amount of the value of all the shares and capital stock in the company, issued or created for the purposes of the said railways and flotilla, calculated according to the mean market value in London of such shares or stock during the three years immediately preceding the expiration of the said period of 25 years, or the said period of 50 years, as the case may be. And shall also be bound to indemnify the company against all such debts and liabilities (if any) as they may have incurred to or with the sanction of the Secretary of State in Council, in respect of the said rail-

ways and flotilla, or any of them, and as shall be then subsisting, and thereupon the covenants in the said indentures respectively contained, for payment of interest shall cease."

Possession as a remedy.

11th. That from and after the time of amalgamation the 23rd clause of the said indenture of the 26th day of December 1855, and the corresponding clause in each of the said indentures of the 7th day of February 1859, the 4th day of March 1859, and the 23rd day of June 1863, shall be rescinded and have no effect, and that in lieu of the several clauses rescinded as last aforesaid the following clause shall have effect, *videlicet* :—

"That if default shall be made by the company in the raising and payment of such further capital as shall be required for the construction of the said railways and flotilla, or in the due application of any moneys drawn in London or in India as aforesaid, or in the execution of the said railways, flotilla, and works, or any of them, conformably with the covenants in that behalf in the said indentures, or hereinbefore contained, or in case the said railways and flotilla, or any of them, shall not be worked to the satisfaction of the Secretary of State in Council, or in case of any other breach on the part of the company of any of the covenants in the said indentures or herein contained, it shall be lawful for the Secretary of State in Council, on giving to the company at Lahore three calendar months' notice of their intention in that behalf to terminate the interest of the company in the said land, railways, flotilla, telegraphs, and works, taken and constructed, or to be taken or constructed under the said indentures and these presents, or any of them, and by their agent to assume on behalf of Her Majesty, for the purposes of the Government of India, possession of the said land, railways, flotilla, telegraphs, and works, and of all or any of the engines, carriages, steamboats, vessels, stock, plant, and machinery provided for the same, or belonging thereto respectively; and all plans, surveys, books, printings, drawings, writings, and documents whatsoever, in anywise connected with the said railways and flotilla, or any of them, and in that case any lands in Great Britain which may then be held by the company for the purpose of their undertakings, shall, with all convenient speed, be sold, and the clear moneys to be produced by such sale shall be paid into the Bank of England, to the account of the Secretary of State in Council; and in case of such notice being given the Secretary of State in Council shall be liable to repay out of the revenues of India, within six calendar months after its expiration, to the company in London the capital expended by the company upon the said railways, flotilla, and works, so ascertained and certified as hereinbefore is mentioned, after a proper deduction for all debts and liabilities then affecting the company in respect of the said railways and flotilla, or any of them, the money so to be repaid to include so much (if any) of the capital raised for the purposes of the said railways and flotilla as shall then remain in the Bank of England to the account of the Secretary of State in Council, and also to discharge, exonerate, indemnify the company from all debts, obligations, and liabilities for works and expenditure undertaken with the sanction of the Secretary of State in Council in respect of the said railways and flotilla, or any of them; and thereupon the covenants of the Secretary of State in Council in the said indentures respectively contained for payment of interest shall cease, and all claims by the Secretary of State in Council on the company in respect of the said railways and flotilla shall also cease; the intention of the parties hereto for the purposes intended to be provided for by this clause being that the company shall under all circumstances receive back their capital expended, with such sanction as aforesaid; and that such re-entry and assumption of possession, and the exercise by the Secretary of State in Council of the powers and authorities by this clause given to him shall be the only penalty to which the company shall be liable in case of default in raising sufficient capital for the purposes of the said railways and flotilla, or in constructing and working the said railways and flotilla, or any of them, to the satisfaction of the Secretary of State in Council."

Repairs by the Government of India.

12th. That from and after the time of amalgamation, the 24th clause of the said indenture of the 26th day of December 1855, and the corresponding clause in

in each of the said indentures of the 7th day of February 1859, the 4th day of March 1859, and the 23rd day of June 1863, shall be rescinded and have no effect, and that in lieu of the several clauses so rescinded as last aforesaid the following clause shall have effect, *videlicet* :—

“ That if default shall be made by the company in any of their covenants to keep the said railways, flotilla and works, or such part thereof respectively as shall have been completed and opened for traffic, in repair and condition for the space of one calendar month next after notice in writing in that behalf from the Secretary of State in Council to the company at Lahore, it shall be lawful for the Secretary of State in Council, by his agents, to enter on the railways, flotilla, and works, or any of them, and to do and execute all such works as may be required for fulfilling the said covenant, and to charge the expenses of the same against the company, by setting off the amount of such expenses against any moneys then payable, or which shall thereafter become payable, by the Secretary of State in Council for interest in manner in the said several indentures of the 26th day of December 1855, the 7th day of February 1859, the 4th day of March 1859, the 23rd day of June 1863, and the 17th day of January 1867, mentioned or referred to, which interest shall in such case to that extent be considered as paid and satisfied by such set-off or retainer. And shall for all the purposes of the said indentures and these presents be regarded and considered as interest actually paid by the Secretary of State in Council to the company in pursuance of his covenants in that behalf in the said last mentioned indentures contained, and if such expenses shall not be satisfied by such set-off and retainer as aforesaid, then the Secretary of State in Council may set off and deduct the same against and from all or any part of any other moneys which shall on any account whatsoever under or by virtue of the said indentures and these presents, or any of them, be or become payable by the Secretary of State in Council to the company.”

13th. That, from and after the time of amalgamation, the 25th clause of the said indenture of the 26th day of December 1855, and the corresponding clause in each of the said indentures of the 7th day of February 1859, the 4th day of March 1859, and the 23rd day of June 1863, shall be rescinded and have no effect, and that, in lieu of the several clauses so rescinded as last aforesaid, the following clause shall have effect, *videlicet* :—

Annuity commutation.

“ That in every or any case in which under the provisions of these presents the Secretary of State in Council shall before the expiration of the said term of 99 years, hereby agreed to be granted, become bound to repay the capital expended by the company upon the said railways, flotilla and works as aforesaid, or to pay for the purchase of the said railways, flotilla, works, and stock ; it shall be lawful for the Secretary of State in Council, instead of paying a gross sum of money in respect of the premises, to declare by notice to the company in London their option to pay an annuity to be reckoned from the time when the gross amount would be payable, and to continue during the residue of the said term of 99 years hereby agreed to be granted, and in that case such annuity shall be payable in London on such two half-yearly days in the year as shall be selected by the Secretary of State in Council in that behalf, with a fractional part of any broken half-year, the rate of interest which shall be used in calculating such annuity being determined by the average rate of interest during the preceding two years, received in London upon public obligations of the Government of India, and other public obligations issued in London by the Secretary of State in Council, and which shall be ascertained by reference to the governor or deputy-governor of the Bank of England for the time being. Provided always, that the aforesaid option shall not apply to the undrawn portion (if any) of the capital of the company raised for the purposes of the said railways and flotilla, or any of them, which portion is to be repaid to the company with interest under the provision in that behalf hereinbefore contained in case the company shall relinquish or be deprived of the said railways, flotilla, and works as aforesaid.”

14th. That from and after the time of amalgamation, the 26th clause of the said indenture of the 26th day of December 1855, and the corresponding clause

Return of surplus.

in each of the said indentures of the 7th day of February, 1859, the 4th day of March, 1859, and the 23rd day of June 1863, shall be rescinded and have no effect, and that in lieu of the several clauses so rescinded as last aforesaid the following clause shall have effect, *videlicet* :—

“That if, after the said railways, flotilla, and works, including telegraphs if required, shall have been completed and furnished with adequate working stock, the whole of the capital raised by the company for the said railways and flotilla, shall not have been required for the purpose of the said capital account, the surplus thereof shall to the extent to which the same shall have been paid into the Bank of England to the account of the Secretary of State in Council, be refunded to the company in London with such interest as shall be due on such capital at the time, and thereupon the covenants in the said indentures contained for payment of interest shall no longer apply to the capital which shall have been refunded.”

That the provisions of the former contracts, so far as not rescinded, are to have effect as to the united undertaking.

15th. That such of the provisions of the hereinbefore recited indentures as are not hereby rescinded and are now capable of effect, and can be applied to the united undertaking, shall henceforth apply to such undertaking in the same or similar manner as they have hitherto applied to the undertakings separately, and as if each separate undertaking were part of an aggregate whole; but in applying such provisions the provisions herein contained shall also be applied and had regard to. Provided that nothing herein contained shall alter or affect the rate of interest payable, or to be paid by the Secretary of State in Council, under the said indentures or any of them on the capital raised or to be raised for the purposes of the undertakings of the company.

In witness whereof, William Urquhart Arbuthnot, Esq., and Elliot Macnaghton, Esq., being two members of the Council of India, have set their hand and seals; and the said Railway Company have caused their common seal to be affixed the day and year above written.

CONTRACT between the SECRETARY of STATE in Council and the EASTERN BENGAL RAILWAY COMPANY, dated 18th March 1862.

THIS INDENTURE, made the 18th day of March 1862, between the SECRETARY of STATE in Council of the one part, and the EASTERN BENGAL RAILWAY COMPANY, incorporated by an Act of Parliament made and passed in the Session of the 20th and 21st years of the reign of Her present Majesty, intituled, “An Act for incorporating the Eastern Bengal Railway Company, and for other purposes,” of the other part.

WHEREAS the said Eastern Bengal Railway Company were incorporated by the said Act for the purpose of making, maintaining, working, and using a railway as then proposed (to be called the Eastern Bengal Railway), or any railway in India, wholly or partly in lieu thereof, and any extensions of and branches from the same, and any works and conveniences connected therewith. And under the same Act the said Railway Company were empowered from time to time to negotiate for, conclude, enter into, with the East India Company, and carry into effect contracts and arrangements with respect to all or any of the matters therein particularly mentioned, and generally, such contracts and arrangements with respect to the undertaking, and the encouragement and promotion thereof, as the East India Company and the company might think fit and mutually agree on:

And whereas, by an indenture bearing date the 30th day of July 1858, and made between the East India Company of the one part, and the said Railway Company of the other part, it was, amongst other things, agreed that the said Railway Company should construct and open the Eastern Bengal Railway, such railway to commence at or near Calcutta, and to proceed to a point on the River Ganges, and ultimately to Dacca, and to include a branch to Jessore, at an estimated cost in the whole of 1,000,000*l*. And that the said Railway Company

Company should pay such sum into the Treasury of the East India Company in such manner as in the said indenture mentioned, to be from time to time drawn out for the purposes of the work. And that the East India Company should pay to the said Railway Company during the term of 99 years from the date of the said indenture, determinable by surrender or purchase of the said railway and works, as in the said indenture mentioned, interest at the rate of 5 *l.* per centum per annum on the said sum of 1,000,000 *l.*, or on such part thereof as should for the time being have been paid into the treasury of the East India Company :

And whereas, under the provisions of the Act passed in the 21st and 22nd years of Her Majesty, intituled, "An Act for the better Government of India," the benefit of the hereinbefore recited indenture of contract became vested in Her Majesty for the purposes of the Government of India, and save as otherwise provided by the said Act, one of Her Majesty's principal Secretaries of State, has and may perform all such and the like powers and duties relating to the Government or revenues of India, as might or should have been exercised or performed by the East India Company and the Secretary of State in Council, with the concurrence of a majority of votes, at a meeting of the Council of India, has full power to enter into any contracts whatsoever, as may be thought fit for the purposes of that Act, and all moneys payable in respect of the said indenture of contract, and all liabilities to be contracted on account of the Government of India, are charged and chargeable on the revenues of India :

And whereas the said Railway Company have issued shares for, and raised and paid into the treasury of the East India Company, or into the Bank of England, to the account of the Secretary of State in Council, the sum of 941,800 *l.*, and they intend to issue shares for, and raise and pay as aforesaid the further sum of 58,200 *l.* :

And whereas it is calculated that a further sum of 400,000 *l.*, or thereabouts, will be required in order to complete the said Eastern Bengal Railway :

And whereas it was lately agreed between the Secretary of State in Council and the said Railway Company that the said Railway Company should, subject to the provisions hereinafter contained, from time to time raise money on loan until the said sum of 400,000 *l.* should have been so raised, and should create and issue debentures in respect thereof, and that the Secretary of State in Council should guarantee the payment of the principal moneys secured by any debentures issued by the said Railway Company with the sanction and approval of the Secretary of State in Council, and of the interest thereof in manner hereinafter mentioned :

And whereas the said Railway Company have already created and issued debentures in respect of the sum of 400,000 *l.*, and such sum of 400,000 *l.* has been paid into the Bank of England to the account of the Secretary of State in Council :

And whereas the debentures so issued are in accordance with a form which has been approved by the Secretary of State in Council, containing an obligation on the part of the said Railway Company for payment of principal and interest at the Bank of Messrs. Smith, Payne, & Smiths, No. 1, Lombard-street, on the days named in the debentures for the purposes respectively, and giving an option to the holder thereof to renew the same for a further term of five years on giving such notice as therein mentioned :

And whereas the covenants hereinafter contained on the part of the Secretary of State in Council are entered into with the concurrence of a majority of votes at a meeting of the Council:

NOW THIS INDENTURE WITNESSETH that, in pursuance of the said agreement, and in consideration of the premises, the said Eastern Bengal Railway Company do hereby for themselves and their successors (so far as the covenants and agreements hereinafter contained are to be observed and performed by them) covenant with the Secretary of State in Council. And the Secretary of State in Council doth hereby (so far as the covenants and agreements hereinafter contained are to be observed and performed on the part of the Secretary of State in Council for the time being) covenant with the said Eastern Bengal Railway Company, and their successors, in manner following (that is to say) :—

1. That the Secretary of State in Council shall and will from time to time as often as and when the half-yearly interest payable in respect of the debentures

debentures representing the said sum of 400,000 L., or any portion thereof, and issued by the said Railway Company with the sanction and approval of the Secretary of State in Council, shall become due, so as duly to provide for the payment of such interest, pay out of the revenues of India the amount of such interest into the Bank of Messrs. Smith, Payne, & Smiths, No. 1, Lombard-street, or other the bankers for the time being of the said Railway Company to an account to be called "The Eastern Bengal Railway Debenture Account," and shall and will on the day for that purpose mentioned in any debentures representing the said sum of 400,000 L., or any portion thereof duly pay out of the revenues of India to the same account the amount of the principal sums payable on such day on or in respect of such several debentures; and that notwithstanding anything contained in any debentures created and issued with the sanction and approval or subject to the supervision, direction, and control of the Secretary of State in Council, the said Eastern Bengal Railway Company shall not be subject or liable to any action or suit at law or in equity upon or by virtue of such debentures, but that the Secretary of State in Council shall and will at all times hereafter (the cost and charges being defrayed out of the revenues of India) well and sufficiently protect, save harmless, and keep indemnified the said Eastern Bengal Railway Company, and their lands, tenements, goods, chattels, and effects whatsoever of, from, and against all actions, suits, losses, costs, charges, damages, and expenses whatsoever, which they shall or may suffer, sustain, expend, or be put unto or which shall or may be commenced, instituted, sued, or prosecuted against them by reason or in consequence of the said debentures, or any of them.

2. That the payment of the sums hereinbefore agreed to be paid by the Secretary of State in Council for interest as aforesaid, shall be in full satisfaction of all interest which, under the said indenture of the 30th day of July 1858 would or might become payable in respect of the principal moneys raised by debentures, and paid into the Bank of England to the credit of the account of the Secretary of State in Council.

3. That the provision of the said indenture with respect to the application of the half-yearly net receipts of the Railway Company's railway in payment of the interest therein mentioned so as to exonerate the East India Company from the same, and also the provision with respect to the application of one-half of the surplus of such net receipts in the repayment of any sums previously paid for interest, with simple interest on such sums, shall apply to the interest hereinbefore agreed to be paid as aforesaid, and that in applying the said last-mentioned provision the simple interest on sums previously paid for interest shall, in all cases, be reckoned at the same rate as the interest, in respect of which such sums were so paid.

4. That all moneys which under the covenant hereinbefore in that behalf contained shall be paid by the Secretary of State in Council, in payment of the principal moneys secured by the said debentures representing the said sum of 400,000 L., or any portion thereof, shall be treated and considered as capital contributed by the Secretary of State in Council, out of the revenues of India, to the joint stock of the Eastern Bengal Railway Company, and in order to give full effect to the rights of the Secretary of State in Council, in respect of the capital so contributed, the Secretary of State in Council shall be at liberty at any time to name a person or persons into whose name or names as trustee or trustees for Her Majesty, on account of the Government of India, an equivalent number of shares or amount of stock of the said Company may be placed and registered, and thereupon such shares or stock shall be so entered and registered accordingly.

5. That subject to the provisions herein contained, the covenants and provisions of the said indenture of the 30th day of July 1858, so far as the same are now subsisting and capable of taking effect, shall be and remain in full force and effect.

In witness whereof Elliot Macnaghten, Esquire, and Colonel William Erskine Baker, being two members of the Council of India, have hereunto set their hands and seals, and the said Railway Company have caused their common seal to be affixed the day and year first above written.

CONTRACT between the SECRETARY of STATE in Council and the GREAT SOUTHERN of INDIA RAILWAY COMPANY, dated 14th February 1860.

THIS INDENTURE, made the 14th day of February 1860, between the SECRETARY of STATE in Council of the one part, and the GREAT SOUTHERN of INDIA RAILWAY COMPANY, incorporated by an Act of Parliament made and passed in the Session of the 21st and 22nd years of the reign of Her present Majesty, intituled, "An Act to Incorporate and Regulate the Great Southern of India Railway Company, and for other purposes connected therewith," of the other part.

WHEREAS by the Act of the 21st and 22nd years of Her Majesty, chapter 106, intituled, "An Act for the better Government of India," it was by the 1st section thereof provided that the Government of the territories then in the possession or under the Government of the East India Company, and all powers in relation to such Government vested in or exercised by the said company, and that all such territories and all rights in relation thereto should become vested in Her Majesty, and be exercised in Her name. And it was by the 3rd section thereof provided that save as therein otherwise provided, one of Her Majesty's principal Secretaries of State should have and perform all such or the like powers and duties in anywise relating to the Government or revenues of India as might or should have been exercised or performed by the East India Company, and it was by the 7th section thereof provided that a Council should be established, to consist of 15 members, and to be styled the Council of India, and it was by the 22nd section thereof provided that all powers by that Act required to be exercised by the Secretary of State in Council, and all powers of the Council should and might be exercised at meetings of such Council at which not less than five members should be present; and it was by the 40th section provided that the Secretary of State in Council, with the concurrence of the majority of votes at a meeting should have full power to enter into any contracts whatsoever as might be thought fit for the purposes of that Act, and it was by the 64th section thereof provided that all Acts and provisions then in force under Charter or otherwise concerning India should, subject to the provisions of that Act, continue in force, and be construed as referring to the Secretary of State in Council in the place of the said company. And it was by the 67th Section thereof provided that all contracts, covenants, liabilities, and engagements of the East India Company made, incurred, or entered into before the commencement of that Act might be enforced by and against the Secretary of State in Council in like manner and in the same courts as they might have been by and against the East India Company if that Act had not been passed:

And whereas by the Act of the 22nd and 23rd years of Her Majesty, chapter 41, intituled, "An Act to amend the Act for the Better Government of India," it was by the 5th section thereof provided that from and after the passing of that Act all contracts in writing entered into by the Secretary of State in Council, with the concurrence of a majority of votes at a meeting may be expressed to be made by the Secretary of State in Council under that designation, and if such as if made between private persons would be by law required to be under seal may be made, varied, or discharged under the hands and seals of two members of the council, or if such, as if such as if made between private persons would be by law required to be signed by the parties to be charged herewith may be made, varied, or discharged under the hands of two members of the Council, and that the benefit and liability of such contracts should pass to the Secretary of State in Council for the time being:

And whereas by an Indenture dated the 1st day of September 1858, and made between the East India Company of the one part and the said Great Southern of India Railway Company of the other part, being a contract between the East India Company and the said Railway Company in relation to the constructing, maintaining, and working railways and the performance of other matters and things incidental or conducive thereto, and which contract the said Railway Company by their said Act of Incorporation were empowered to enter into; and it was amongst other things provided that the sum of 1,000,000 £. sterling should

should be the amount to be raised for the purpose of the line of railway to which the said Indenture relates, and since the execution of the said Indenture it has been ascertained that the sum of 500,000 *l.* sterling or thereabouts will be sufficient for the said line of railway, and it has therefore been agreed between the Secretary of State in Council and the said Great Southern of India Railway Company that the covenants and provisions of the said Indenture should be varied in manner hereinafter mentioned :

NOW THIS INDENTURE WITNESSETH that in pursuance of the said agreement it is hereby expressly declared and agreed by and between the Secretary of State in Council and the said Great Southern of India Railway Company that the sum of 500,000 *l.* sterling shall be substituted for the sum of 1,000,000 *l.* sterling wheresoever the said last-mentioned sum occurs in the said Indenture, and that the several covenants, clauses, and provisions of the said Indenture shall be construed and take effect as if the said sum of 500,000 *l.* had been originally inserted in the said Indenture in lieu of the said sum of 1,000,000 *l.*, and that in all other respects the said several covenants, clauses, and provisions shall remain in full force and effect, subject only to the operation of the said Act of the 21st and 22nd years of Her Majesty.

In witness whereof, Sir Proby Thomas Cautley and Ross Donnelly Mangles, Esq., being two members of the Council of India, have hereunto set their hands and seals, and the said Railway Company have caused their common seal to be affixed the day and year first above written.

CONTRACT between the **SECRETARY** of **STATE** in Council and the **GREAT SOUTHERN** of **INDIA RAILWAY COMPANY**, dated 23rd August 1860.

THIS INDENTURE made the 23rd day of August 1860, between the **SECRETARY** of **STATE** in **COUNCIL** of **INDIA** of the one part and the **GREAT SOUTHERN** of **INDIA RAILWAY COMPANY** (incorporated by "the Great Southern of India Railway Act, 1858," which Act has been lately amended by "the Great Southern of India Railway Amendment Act, 1860") of the other part.

WHEREAS under the provisions of the said last-mentioned Act the said Railway Company have power from time to time, to borrow on mortgage, on the security of their undertaking and the revenues therefrom, and of the guarantee given by a certain indenture, dated the 1st day of September 1858, and made and entered into between the East India Company of the one part and the said Railway Company of the other part, and of any additional or further guarantee which the Secretary of State in Council of India might agree to give for the purposes thereof any sums not exceeding in the whole 166,000 *l.*, and by such Act it is provided that every mortgage shall be countersigned by some officer appointed for the purpose by the Secretary of State in Council of India :

And whereas it has been lately agreed between the Secretary of State in Council and the said Railway Company that the said Railway Company should raise money on loan to the extent of 90,000 *l.*, and should execute and issue mortgages countersigned on behalf of the Secretary of State in Council to the persons who should be respectively willing to advance moneys in respect of such sum ; and that the Secretary of State in Council should guarantee the payment of the principal moneys secured by any mortgages issued by the said Railway Company as aforesaid, and of the interest thereof in manner hereafter mentioned :

And whereas the mortgages to be issued by the said Railway Company in respect of the said sum of 90,000 *l.* are to be in accordance with a form which has been approved by the Secretary of State in Council, and by such form of mortgage, the said Railway Company, in consideration of the sum therein mentioned to be paid to them by the person therein named and described assign unto the said person, his executors, administrators and assigns, the under-
taking

taking of the Great Southern of India Railway; and the revenues therefrom, and the benefit of the guarantee given and made by the said indenture of the 1st day of September 1858 as varied by an indenture bearing date the 14th day of February 1860, and made between the Secretary of State in Council of the one part and the said Railway Company of the other part, and the benefit of every or any further guarantee which shall or may be given by the Secretary of State in Council for the purposes of the said undertaking, and all the estate, right, title and interest of the Company in the same; to hold unto the said person, his executors, administrators and assigns, until the said sum therein mentioned, together with interest for the same at the rate of 5 l. per cent. per annum be satisfied, and by such form the said Railway Company covenant for themselves and their successors to pay to the said person, his executors, administrators and assigns the said principal sum therein mentioned on the 1st day of July 1865, and also to pay to the said person, his executors, administrators and assigns, the interest thereon at the rate aforesaid half-yearly on the 1st day of July and the 1st day of January in each year on presentation at the Union Bank of London, of the coupons annexed to the mortgage; and in such form is contained a declaration that the holder for the time being of the mortgage is to have the option, at the expiration of 12 months from the date thereof, and thenceforward at any time before the same becomes payable, to exchange the mortgage for shares in the company to the same amount upon which interest at the rate of 5 l. per cent. per annum is guaranteed by the Secretary of State in Council of India, on leaving with the secretary of the company at the offices of the company in London, one calendar month's notice in writing of his desire so to do, and at the same time delivering up the mortgage with such of the coupons as have not then fallen due, and that having so done, he will, at the expiration of such period, be entitled to all the privileges and advantages of a registered proprietor in the company:

And whereas the covenants hereinafter contained on the part of the Secretary of State in Council are entered into with the concurrence of a majority of votes at a meeting of the Council of India:

NOW THIS INDENTURE WITNESSETH that in pursuance of the said agreement, and in consideration of the premises, the said Great Southern of India Railway Company do hereby for themselves and their successors (so far as the covenants and agreements hereinafter contained are to be observed and performed by them) covenant with the Secretary of State in Council; and the Secretary of State in Council doth hereby (so far as the covenants and agreements hereinafter contained are to be observed and performed on the part of the Secretary of State in Council for the time being) covenant with the said Great Southern of India Railway Company and their successors in manner following (that is to say):—

1. That the said Railway Company shall and will from time to time until the whole of the said sum of 90,000 l. shall have been advanced, receive sums of money on loan from any persons respectively, willing to advance the same at interest at the rate of 5 l. per cent. per annum, and shall and will execute and issue mortgages in accordance with the said form to such persons respectively for securing the repayment of the principal sums advanced by them respectively on the 1st day of July 1865, and the payment of the interest on the 1st day of July and the 1st day of January in every year.

2. That all sums of money which shall be at any time received by the said Railway Company in respect of the said sum of 90,000 l. shall be forthwith paid into the Bank of England to the credit of the account of the Secretary of State in Council, and in respect of any sum or sums so received by the said Railway Company on loan, and paid into the Bank to the credit of the said account, money may be drawn and applied by the said Railway Company in like manner as under or by virtue of the provisions in that behalf contained in the said Indenture of Contract, dated the 1st day of September 1858, as varied by the said Indenture dated the 14th day of February 1860, it could be drawn and applied if such sum or sums had been capital paid by the said Railway Company into the Bank of England to the credit of the said account under the said Indenture.

3. That the Secretary of State in Council shall, and will from time to time as often as and when the half-yearly interest payable in respect of such of the mortgages issued by the said Railway Company in respect of the said sum of 90,000 *l.* as shall not previously to the time of payment of interest have been exchanged for shares shall become due, and so as duly to provide for the payment of such interest, pay out of the revenues of India the amount of such interest into the Union Bank of London or other, the bankers for the time being of the said Railway Company to an account to be called "the Great Southern of India Railway Mortgage Account," and shall and will on the 1st day of July 1865, duly paid out of the revenues of India to the same account the amount of the principal sums payable on such day on such of the said mortgages as shall not previously to such day have been exchanged for shares, and that, notwithstanding anything contained in any mortgages executed and issued as aforesaid, the said Railway Company shall not be subject or liable to any action or suit at law or in equity upon or by virtue of such mortgages, but that the Secretary of State in Council shall and will at all times hereafter, the costs and charges being defrayed out of the revenues of India, well and sufficiently protect, save harmless, and keep indemnified the said Railway Company, and their lands, tenements, goods, chattels, and effects whatsoever, of from and against all actions, suits, losses, costs, charges, damages, and expenses whatsoever, which they shall or may suffer, sustain, expend, or be put unto, or which shall or may be commenced, instituted, sued, or prosecuted against them by reason or in consequence of the said mortgages or any of them.

4. That upon the holder of any of the mortgages issued in respect of the said sum of 90,000 *l.* availing himself of the option given to him under the terms of his mortgage, and exchanging the said mortgage for shares in the company to the same amount, the Secretary of State in Council shall, during the then residue of the determinable term of 99 years from the 1st day of May 1858, pay out of the revenues of India to the said Railway Company half-yearly, on the 30th day of June and the 31st day of December in every year, interest at the rate of 5 *l.* per cent. per annum on the capital sum represented by the mortgages which shall have been so exchanged, such interest being considered, in the first instance, as running from the last day on which interest shall have become payable on the same mortgages previously to the exchange thereof for shares.

5. That the sums hereinbefore agreed to be paid by the Secretary of State in Council for interest as aforesaid shall be in full satisfaction of all interest which, under the said Indenture of Contract of the 1st day of September 1858, as varied by the said Indenture of the 14th day of February 1860, would or might become payable in respect of the principal moneys raised by mortgages, and paid into the Bank of England to the account of the Secretary of State in Council.

6. That the provision contained in the said Indenture of the 1st day of September 1858, with respect to the application of the half-yearly net receipts of the said Railway Company in payment of the interest therein mentioned, so as to exonerate the East India Company from the same, and with respect to the application of one-half of the surplus of such net receipts, in the repayment of any sums previously paid for interest, with simple interest on such sums, shall apply to the interest hereinbefore agreed to be paid as aforesaid, and that in applying the same provision the simple interest on sums previously paid for interest shall in all cases be reckoned at the same rate as the interest in respect of which such sums were so paid.

7. That all moneys which under the covenant hereinbefore in that behalf contained shall be paid by the Secretary of State in Council, in satisfaction of the principal moneys secured by such of the mortgages issued in respect of the said sum of 90,000 *l.*, as shall not be exchanged for shares, shall be treated and considered as capital contributed by the Secretary of State in Council out of the revenues of India, to the joint stock of the said Railway Company, and in order to give full effect to the rights of the Secretary of State in Council in respect of the capital so contributed, the Secretary of State in Council shall be at liberty at any time to name a person or persons into whose name or names as trustee or trustees for Her Majesty on account of the Government of India, an equivalent number of shares or amount of capital stock may be placed and registered,

registered, and thereupon such shares or capital stock shall be so entered and registered accordingly, and such person or persons shall be and possess all the rights of shareholders in the said Railway Company.

8. That subject to the provisions herein contained the covenants and provisions of the said Indenture of the 1st day of September 1858, as varied by the said Indenture of the 14th day of February 1860, so far as the same are now subsisting and capable of taking effect, shall be and remain in full force and effect.

In witness whereof Charles Mills and Elliot Macnaghten, Esquires, being two members of the Council of India have hereunto set their hands and seals, and the said Great Southern of India Railway Company have hereunto affixed their corporate seal on the day and year first above written.

CONTRACT between the SECRETARY of STATE in Council and the GREAT SOUTHERN of INDIA RAILWAY COMPANY, dated 20th November 1861.

THIS INDENTURE made the 20th day of November 1861, between the SECRETARY of STATE in Council of the one part, and the GREAT SOUTHERN of INDIA RAILWAY COMPANY, incorporated by "The Great Southern of India Railway Act, 1858," which Act has been amended by "The Great Southern of India Railway Amendment Act, 1860," of the other part.

WHEREAS by an Indenture dated the 1st day of September 1858 and made between the East India Company of the one part, and the said Great Southern of India Railway Company of the other part, being a contract between the said East India Company and the said Railway Company in relation to the constructing, maintaining, and working railways and the performance of other matters and things incidental or conducive thereto, and which contract the said Railway Company by their said Act of 1858 were empowered to enter into, it was, amongst other things, provided that the sum of 1,000,000 *l.* sterling should be the amount to be raised for the purpose of the line of railway to which the said Indenture relates :

And whereas by an Indenture bearing date the 14th day of February 1860, and made between the Secretary of State in Council (to whom by virtue of the "Act for the better Government of India," 21 and 22 Vict. c. 106, the rights and liabilities of the East India Company under the said contract had been transferred) of the one part, and the said Railway Company of the other part, it was expressly declared and agreed that the sum of 500,000 *l.* sterling should be substituted for the sum of 1,000,000 *l.* sterling, wheresoever the said last-mentioned sum occurs in the said hereinbefore recited Indenture of the 1st day of September 1858, and that the several covenants, clauses, and provisions of the same Indenture should be construed and take effect as if the said sum of 500,000 *l.* had been originally inserted in the same Indenture in lieu of the said sum of 1,000,000 *l.* :

And whereas under the provisions of "The Great Southern of India Railway Amendment Act, 1860," the said Railway Company have power from time to time to borrow on mortgage on the security of their undertaking and the revenues therefrom, and of the guarantee given by the said Indenture of the 1st day of September 1858, and of any additional or further guarantee which the Secretary of State in Council might agree to give for the purposes thereof, any sums not exceeding in the whole 166,000 *l.* And by such Act it is provided that every mortgage shall be countersigned by some officer appointed for the purpose by the Secretary of State in Council, and under the provisions of the same Act the said Railway Company have power, if and when required by the Secretary of State in Council, to raise the whole or any part of the further sum of 500,000 *l.*, in addition to the said firstly hereinbefore mentioned sum of 500,000 *l.*, and to issue additional shares in their capital to the amount of such further sum of 500,000 *l.* or such part thereof as they shall be so required to raise :

And whereas, in or about the month of August 1860, it was agreed between the Secretary of State in Council and the said Railway Company that the said Railway Company should raise money on loan to the extent of 90,000 *l.*, and should execute and issue mortgages in accordance with a form similar to the form of mortgage hereinafter mentioned, and countersigned on behalf of the Secretary of State in Council, to the persons who should be respectively willing to advance moneys in respect of such sum :

And whereas, by an Indenture bearing date the 22nd day of August 1860, and made between the Secretary of State in Council of the one part, and the said Railway Company of the other part, certain provisions were made with respect to the issue of the said mortgages and the payment by the Secretary of State in Council of the principal moneys and interest secured by any such mortgages issued by the said Railway Company, and other matters, such provisions being similar to the provisions hereinafter contained, with the exception of the clause hereinafter contained, numbered 4 :

And whereas the said Railway Company have raised the whole of the said sum of 90,000 *l.*, and issued mortgages to the persons who have made advances in respect of such sum, in accordance with the provisions of the said last mentioned Indenture :

And whereas it has been lately agreed between the Secretary of State in Council and the said Railway Company, that the said Railway Company should raise further moneys on loan to the extent of 50,000 *l.*, and should execute and issue mortgages countersigned on behalf of the Secretary of State in Council to the persons who should be respectively willing to advance moneys in respect of such sum. And that the Secretary of State in Council should guarantee the payment of the principal moneys secured by any mortgages issued by the said Railway Company in respect of such additional sum of 50,000 *l.* and of the interest thereof in manner hereinafter mentioned :

And whereas the mortgages to be issued by the said Railway Company in respect of the said additional sum of 50,000 *l.* are to be in accordance with a form which has been approved by the Secretary of State in Council, and by such form of mortgage the said Railway Company, in consideration of the sum therein mentioned to be paid to them by the person therein named and described, assign unto the said person, his executors, administrators, and assigns, the undertaking of the Great Southern of India Railway and the revenues therefrom, and the benefit of the guarantee given and made by the said Indentures of the 1st day of September 1858 as varied by an Indenture bearing date the 14th day of February 1860, and made between the Secretary of State in Council of the one part and the said Railway Company of the other part, and the benefit of every or any further guarantee which shall or may be given by the Secretary of State in Council for the purposes of the said undertaking. And all the estate, right, title, and interest of the Company in the same, to hold unto the said person, his executors, administrators, and assigns, until the said sum therein mentioned, together with interest for the same at the rate of 5 *l.* per cent. per annum, be satisfied. And by such form the said Railway Company covenant for themselves and their successors to pay to the said person, his executors, administrators, and assigns, the sum of 45,000 *l.*, part of the said principal sum therein mentioned, on the 1st day of July 1865, and the remainder of the said principal sum on the 1st day of July 1866, and also to pay to the said person, his executors, administrators, and assigns, the interest thereon at the rate aforesaid half-yearly, on the 1st day of July and the 1st day of January in each year, on presentation at the Union Bank of London of the coupons annexed to the mortgage. And in such form is contained a declaration that the holder for the time being of the mortgage is to have the option at the expiration of 12 months from the date thereof, and thenceforward at any time before the same becomes payable, to exchange the mortgage for shares in the Company to the same amount, upon which interest at the rate of 5 *l.* per cent. per annum is guaranteed by the Secretary of State in Council, on leaving with the secretary of the Company, at the offices of the Company in London, one calendar month's notice in writing of his desire so to do, and at the same time delivering up the mortgage, with such of the coupons as have not then fallen due, and that having so done he will, at the expiration of such period be entitled to all the privileges and advantages of a registered proprietor in the Company :

And whereas the said Railway Company have already issued shares in their capital

capital to the full amount of the said first-mentioned sum of 500,000 *l.*, and in order to enable effect to be given to the option so given and to be given to the holders for the time being of the said mortgages issued and to be issued as well in respect of the said sum of 90,000 *l.* as of the said sum of 50,000 *l.* of exchanging such mortgages for shares in the said Railway Company in case such option shall be exercised by such holders for the time being of the said mortgages or any of them, it is necessary that the said Railway Company should be authorised and required by the Secretary of State in Council, in manner hereinafter appearing, to issue additional shares in their capital to a further amount, not exceeding the further amount of 140,000 *l.* (being the aggregate amount of the said several sums of 90,000 *l.* and 50,000 *l.*) :

And whereas the covenants hereinafter contained on the part of the Secretary of State in Council are entered into with the concurrence of a majority of votes at a meeting of the Council of India :

NOW THIS INDENTURE WITNESSETH, that in pursuance of the said agreement and in consideration of the premises, the said Great Southern of India Railway Company do hereby for themselves and their successors (so far as the covenants and agreements hereinafter contained are to be observed and performed by them) covenant with the Secretary of State of Council, and the Secretary of State of Council doth hereby (so far as the covenants and agreements hereinafter contained are to be observed and performed on the part of the Secretary of State in Council for the time being) covenant with the said Great Southern of India Railway Company and their successors in manner following (that is to say) :—

1. That the said Railway Company shall and will from time to time until the whole of the said sum of 50,000 *l.* shall have been advanced, receive sums of money on loan from any persons respectively willing to advance the same, at interest at the rate of 5 *l.* per cent. per annum, and shall and will execute and issue mortgages in accordance with the said form to such persons respectively for securing the repayment of the sum of 45,000 *l.*, part of the principal sums advanced by them respectively on the 1st day of July 1865, and for securing the repayment of the remainder of the said principal sums on the 1st day of July 1866, and the payment of the interest on the 1st day of July and the 1st day of January in every year.

2. That all sums of money which shall be at any time received by the said Railway Company in respect of the said sum of 50,000 *l.* shall be forthwith paid into the Bank of England to the credit of the account of the Secretary of State in Council; and in respect of any sum or sums so received by the said Railway Company on loan and paid into the Bank to the credit of the said account, money may be drawn and applied by the said Railway Company in like manner as under or by virtue of the provisions in that behalf contained in the said Indenture of Contract dated the 1st day of September 1858, as varied by the said Indenture dated the 14th day of February 1860, it could be drawn and applied if such sum or sums had been capital paid by the said Railway Company into the Bank of England to the credit of the said account under the said Indenture.

3. That the Secretary of State in Council shall and will from time to time as often as and when the half-yearly interest payable in respect of such of the mortgages issued by the said Railway Company in respect of the said sum of 50,000 *l.* as shall not previously to the time of payment of interest have been exchanged for shares shall become due and so as duly to provide for the payment of such interest, pay out of the revenues of India the amount of such interest into the Union Bank of London or other the bankers for the time being of the said Railway Company, to an account to be called "The Great Southern of India Railway Mortgage Account," and shall and will on the 1st day of July 1865 and the 1st day of July 1866 respectively, duly pay out of the revenues of India to the same account the amount of the principal sums, payable on such respective days on such of the said mortgages as shall not previously to such days have been exchanged for shares; and that notwithstanding anything contained in any mortgages executed and issued as aforesaid, the said Railway Company shall not be subject or liable to any action or suit at law or in equity upon or by virtue of such mortgages, but that the Secretary of State in Council shall and will at all times hereafter (the costs and charges being defrayed out of the revenues of

India) well and sufficiently protect, save harmless, and keep indemnified the said Railway Company and their lands, tenements, goods, chattels, and effects whatsoever of, from, and against all actions, suits, losses, costs, charges, damages, and expenses whatsoever which they shall or may suffer, sustain, expend, or be put unto, or which shall or may be commenced, instituted, sued, or prosecuted against them by reason or in consequence of the said mortgages, or any of them.

4. That in order to give effect to the option so as aforesaid given and to be given to the holders for the time being of the said mortgages issued and to be issued, as well in respect of the said sum of 90,000 £. as of the said sum of 50,000 £., of exchanging such mortgages for shares in the said Railway Company in case such option shall be exercised by such holders for the time being of the said mortgages or any of them, it shall be lawful for the said Railway Company, and they are hereby authorised and required by the Secretary of State in Council, to issue from time to time as occasion shall require, additional shares in their capital to a further amount beyond the said first-mentioned sum of 500,000 £., not exceeding the further amount of 140,000 £. (being the aggregate amount of the said several sums of 90,000 £. and 50,000 £.), and to allot such shares to be so issued from time to time to the holders for the time being of the said mortgages, or any of them, who shall exercise such option of exchanging their respective mortgages for shares in exchange for the mortgages in respect of which such option shall be so exercised as aforesaid, the limitation of the amount of the capital of the said Company imposed or made by the said Indenture of the 14th day of February 1860, and every or any other provision in the same Indenture or in the said Indenture of the 1st day of September 1858, or in the said Indenture of the 22nd day of August 1860, to the contrary in anywise notwithstanding.

5. That upon the holder of any of the mortgages issued and to be issued, as well in respect of the said sum of 50,000 £., as of the said sum of 90,000 £., availing himself of the option given to him under the terms of his mortgage and exchanging the said mortgage for shares in the company to the same amount, the Secretary of State in Council shall during the then residue of the determinable term of 99 years, from the 1st day of May 1858 pay out of the revenues of India to the said Railway Company, half-yearly on the 30th day of June and the 31st day of December in every year, interest at the rate of 5 £. per cent. per annum on the capital sum represented by the mortgages, which shall have been so exchanged, such interest being considered in the first instance as running from the last day on which interest shall have become payable on the same mortgages previously to the exchange thereof for shares.

6. That the sums hereinbefore agreed to be paid by the Secretary of State in Council for interest as aforesaid, shall be in full satisfaction of all interest which under the said Indenture of Contract of the 1st day of September 1858, as varied by the said Indenture of the 14th day of February 1860, would or might become payable on the principal moneys raised by mortgages as well in respect of the said sum of 50,000 £. as of the said sum of 90,000 £., and paid into the Bank of England to the account of the Secretary of State in Council.

7. That the provision contained in the said Indenture of the 1st day of September 1858, with respect to the application of the half-yearly net receipts of the said Railway Company in payment of the interest therein mentioned, so as to exonerate the East India Company from the same, and with respect to the application of one-half of the surplus of such net receipts in the re-payment of any sums previously paid for interest with simple interest on such sums shall apply to the interest hereinbefore agreed to be paid as aforesaid, and that in applying the same provision the simple interest on sums previously paid for interest shall in all cases be reckoned at the same rate as the interest in respect of which such sums were so paid.

8. That all moneys which under the covenant hereinbefore in that behalf contained shall be paid by the Secretary of State in Council, in satisfaction of the principal moneys secured by such of the mortgages issued in respect of the said sum of 50,000 £. as shall not be exchanged for shares, shall be treated and considered as capital contributed by the Secretary of State in Council out of the revenues of India to the joint stock of the said Railway Company, and in order
to

to give full effect to the rights of the said Secretary of State in Council in respect of the capital so contributed, the Secretary of State in Council shall be at liberty at any time to name a person or persons into whose name or names as trustee or trustees for Her Majesty on account of the Government of India an equivalent number of shares or amount of capital stock may be placed and registered, and thereupon such shares or capital stock shall be so entered and registered accordingly, and such person or persons shall be and possess all the rights of shareholders in the said Railway Company.

9. That subject to the provisions in the said Indenture of the 22nd day of August 1860, and herein respectively contained the covenants and provisions of the said Indenture of the 1st day of September 1858, as varied by the said Indenture of the 14th day of February 1860, so far as the same are now subsisting and capable of taking effect shall be and remain in full force and virtue.

In witness whereof, Elliot Macnaghten, Esquire, and Sir Henry Conyngham-Montgomery, Baronet, being two members of the Council of India, have hereunto set their hands and seals, and the said Great Southern of India Railway Company have caused their common seal to be affixed (the interlineations at pages 3, 4, and 5, having been previously made) the day and year first above written.

CONTRACT between the **SECRETARY** of **STATE** in Council and the **GREAT SOUTHERN** of **INDIA RAILWAY COMPANY**; dated 7th February 1863.

THIS INDENTURE, made the 7th day of February 1863, between the **SECRETARY** of **STATE** in Council of the one part, and the **GREAT SOUTHERN** of **INDIA RAILWAY COMPANY**, incorporated by "The Great Southern of India Railway Act, 1858," which Act has been amended by "The Great Southern of India Railway Amendment Act, 1860," of the other part.

WHEREAS, by an Indenture dated the 1st day of September 1858, and made between the East India Company of the one part, and the Great Southern of India Railway Company of the other part (being a contract between the said East India Company and the said Railway Company, in relation to the constructing, maintaining, and working railways, and the performance of other matters and things incidental or conducive thereto, and which contract the said Railway Company, by their said Act of 1858, were empowered to enter into), it was, amongst other things, provided that the sum of 1,000,000 *l.* sterling should be the amount to be raised for the purpose of the line of railway to which the said Indenture relates:

And whereas, by an Indenture bearing date the 14th day of February 1860, and made between the Secretary of State in Council of India (to whom, by virtue of the Act for the better government of India, 21 and 22 Vict. c. 106, the rights and liabilities of the East India Company, under the said contract, had been transferred) of the one part, and the said Railway Company of the other part, it was expressly declared and agreed that the sum of 500,000 *l.* sterling should be substituted for the sum of 1,000,000 *l.* sterling, wheresoever the said last-mentioned sum occurs in the said hereinbefore-recited Indenture of the 1st day of September 1858, and that the several covenants, clauses, and provisions of the same Indenture should be construed and take effect as if the said sum of 500,000 *l.* had been originally inserted in the same Indenture, in lieu of the said sum of 1,000,000 *l.*:

And whereas, under the provisions of the Great Southern of India Railway Amendment Act 1860, the said Railway Company have power from time to time, to borrow on mortgage, on the security of their undertaking and the revenues therefrom, and of the guarantee given by the said Indenture of the 1st day of September 1858, and of any additional or further guarantee which the Secretary of State in Council of India might agree to give for the purposes thereof any sums not exceeding, in the whole, 166,000 *l.* And by such Act it is provided that every mortgage shall be countersigned by some officer appointed for the purpose by the Secretary of State in Council of India; and under the provisions of the

same Act the said Railway Company have power, if and when required by the Secretary of State in Council, to raise the whole or any part of the further sum of 500,000 *l.*, in addition to the said firstly hereinbefore-mentioned sum of 500,000 *l.*, and to issue additional shares in their capital, to the amount of such further sum of 500,000 *l.*, or such part thereof as they shall be so required to raise :

And whereas in or about the month of August 1860, it was agreed between the Secretary of State in Council and the said Railway Company that the said Railway Company should raise money on loan to the extent of 90,000 *l.*, and should execute and issue mortgages in accordance with a form similar to the form of mortgage hereinafter mentioned, and countersigned, on behalf of the Secretary of State in Council, to the persons who should be respectively willing to advance moneys in respect of such sum :

And whereas, by an Indenture bearing date the 22nd day of August 1860, and made between the Secretary of State in Council of the one part, and the said Railway Company of the other part, certain provisions were made with respect to the issue of the said mortgages, and the payment by the Secretary of State in Council of the principal moneys and interest secured by any such mortgages issued by the said Railway Company, and other matters; such provisions being similar to the provisions hereinafter contained, with the exception of the clause hereinafter contained, numbered 4 :

And whereas the said Railway Company raised the whole of the said sum of 90,000 *l.*, and issued mortgages to the persons who made advances in respect of such sum, in accordance with the provisions of the said last-mentioned Indenture :

And whereas, prior to the month of November 1861, the said Railway Company had issued shares in their capital to the full amount of the said first-mentioned sum of 500,000 *l.* :

And whereas, in or about the month of November 1861, it was agreed between the Secretary of State in Council and the said Railway Company, that the said Railway Company should raise further moneys on loan to the extent of 50,000 *l.*, and should execute and issue mortgages in accordance with a form similar to the form of mortgage hereinafter mentioned, and countersigned on behalf of the Secretary of State in Council to the persons who should be respectively willing to advance moneys in respect of such sum :

And whereas, by an Indenture bearing date the 20th day of November 1861, and made between the Secretary of State in Council of India of the one part, and the said Railway Company of the other part, certain provisions were made with reference to the issue of the said mortgages in respect of the said sum of 50,000 *l.*, and the payment by the Secretary of State in Council of the principal moneys and interest secured by any such mortgages, and with reference to the issue of additional shares to the holders of mortgages issued, in respect of the said sum of 90,000 *l.*, or the said sum of 50,000 *l.*, upon their availing themselves of the option given to them by the said mortgages respectively, and other matters, such provisions being similar to the provisions hereinafter contained :

And whereas the said Railway Company have raised the whole of the said sum of 50,000 *l.*, and issued mortgages to the persons who have made advances in respect of such sum, in accordance with the provisions of the last-mentioned Indenture :

And whereas, after deducting the said two sums of 90,000 *l.* and 50,000 *l.* (making, together, the sum of 140,000 *l.*) from the said sum of 166,000 *l.* which the said Railway Company have power to borrow, as aforesaid, there remains the sum of 26,000 *l.*; and it has been lately agreed between the Secretary of State in Council and the said Railway Company that the said Railway Company should receive further moneys on loan to the extent of 26,000 *l.*, and should execute and issue mortgages, countersigned on behalf of the Secretary of State in Council, to the persons who should be respectively willing to advance moneys in respect of such sum. And that the Secretary of State in Council should guarantee the payment of the principal moneys secured by any mortgages issued by the said Railway Company, in respect of such additional sum of 26,000 *l.*, and of the interest thereof, in manner hereinafter mentioned :

And whereas the mortgages to be issued by the said Railway Company, in respect of the said additional sum of 26,000 *l.*, are to be in accordance with a form which has been approved by the Secretary of State in Council, and by such form

form of mortgage the said Railway Company, in consideration of the sum therein mentioned to be paid to them by the person therein named and described, assign unto the said person, his executors, administrators, and assigns the undertaking of the Great Southern of India Railway and the revenues therefrom, and the benefit of the guarantee given and made by the said Indenture of the 1st day of September 1858 as varied by the said Indenture of the 14th day of February 1860, and the benefit of every or any further guarantee which shall or may be given by the Secretary of State in Council for the purposes of the said undertaking. And all the estate, right, title, and interest of the Company in the same to hold unto the said person, his executors, administrators, and assigns until the said sum therein mentioned, together with interest for the same, at the rate of 5 l. per cent. per annum, be satisfied. And by such form, the said Railway Company covenant for themselves and their successors to pay to the said person, his executors, administrators, and assigns the said principal sum therein mentioned on the 1st day of January 1867, and also to pay to the said person, his executors, administrators, and assigns the interest thereon at the rate aforesaid half-yearly, on the 1st day of July and the 1st day of January in each year, on presentation at the Union Bank of London of the coupons annexed to the mortgage. And in such form is contained a declaration that the holder for the time being of the mortgage is to have the option, at the expiration of 12 months from the date thereof, and thenceforward, at any time before the same becomes payable, to exchange the mortgage for shares in the Company, to the same amount upon which interest at the rate of 5 l. per cent. per annum is guaranteed by the Secretary of State in Council of India on leaving with the Secretary of the Company, at the offices of the Company in London, one calendar month's notice in writing of his desire so to do, and, at the same time, delivering up the mortgage, with such of the coupons as have not then fallen due, and that having so done, he will at the expiration of such period be entitled to all the privileges and advantages of a registered proprietor in the Company :

And whereas the covenants hereinafter contained on the part of the Secretary of State in Council of India are entered into with the concurrence of a majority of votes at a meeting of the Council of India :

NOW THIS INDENTURE WITNESSETH, that in pursuance of the said agreement, and in consideration of the premises, the said Great Southern of India Railway Company do hereby for themselves and their successors (so far as the covenants and agreements hereinafter contained are to be observed and performed by them) covenant with the Secretary of State in Council. And the Secretary of State in Council of India doth hereby (so far as the covenants and agreements hereinafter contained are to be observed and performed on the part of the Secretary of State in Council of India for the time being) covenant with the said Great Southern of India Railway Company and their successors in manner following (that is to say) :—

1. That the said Railway Company shall and will, from time to time, until the whole of the said sum of 26,000 l. shall have been advanced, receive sums of money on loan from any persons respectively willing to advance the same at interest, at the rate of 5 l. per cent. per annum ; and shall and will execute and issue mortgages, in accordance with the said form, to such persons respectively, for securing the repayment of the principal sums advanced by them respectively on the 1st day of January 1867, and the payment of the interest on the 1st day of July and the 1st day of January in every year.

2. That all sums of money which shall be at any time received by the said Railway Company in respect of the said sum of 26,000 l., shall be forthwith paid into the Bank of England to the credit of the account of the Secretary of State in Council, and in respect of any sum or sums so received by the said Railway Company on loan and paid into the Bank to the credit of the said account, money may be drawn and applied by the said Railway Company in like manner as under or by virtue of the provisions in that behalf contained in the said indenture of contract, dated the 1st day of September 1858, as varied by the said Indenture, dated the 14th day of February 1860, it could be drawn and applied if such sum or sums had been capital paid by the said Railway Company into the Bank of England to the credit of the said account under the said Indenture.

3. That the Secretary of State in Council of India shall and will, as often as and when the half-yearly interest payable in respect of such of the mortgages issued by the said Railway Company, in respect of the said sum of 26,000 *l.* as shall not, previously to the time of payment of interest, have been exchanged for shares, shall become due, and so as duly to provide for the payment of such interest, pay out of the revenues of India the amount of such interest into the Union Bank of London, or other, the bankers for the time being of the said Railway Company, to an account to be called "The Great Southern of India Railway Mortgage Account." And shall and will, on the 1st day of January 1867, duly pay out of the revenues of India to the same account the amount of the principal sums payable on such day on such of the said mortgages as shall not, previously to such day, have been exchanged for shares, and that, notwithstanding anything contained in any mortgages executed and issued as aforesaid, the said Railway Company shall not be subject or liable to any action or-suit at law, or in equity, upon or by virtue of such mortgages, but that the Secretary of State in Council shall and will, at all times hereafter (the cost and charges being defrayed out of the revenues of India), well and sufficiently protect, save harmless, and keep indemnified the said Railway Company and their lands, tenements, goods, chattels, and effects, whatsoever, of, from, and against all actions, suits, losses, costs, charges, damages, and expenses whatsoever, which they shall or may suffer, sustain, expend, or be put unto, or which shall or may be commenced, instituted, sued, or prosecuted against them by reason or in consequence of the said mortgages, or any of them.

4. That in order to give effect to the option to be given to the holders for the time being of the said mortgages to be issued in respect of the said sum of 26,000 *l.*, of exchanging such mortgages for shares in the said Railway Company, in case such option shall be exercised by such holders for the time being of the said mortgages, or any of them, it shall be lawful for the said Railway Company, and they are hereby authorised and required by the Secretary of State in Council of India to issue from time to time, as occasion shall require, additional shares in their capital to a further amount beyond the said first-mentioned sum of 500,000 *l.*, and such additional sum as may be represented by shares issued in exchange for mortgages under the provision of the said Indenture of the 20th day of November 1861, so as that the amount represented by shares issued under the provisions of the said last-mentioned Indenture, and of these presents shall not exceed the sum of 166,000 *l.*, and to allot such additional shares, to be so issued from time to time to the holders for the time being of the said mortgages in respect of the said sum of 26,000 *l.*, or any of them, who shall exercise such option of exchanging their respective mortgages for shares in exchange for the mortgages in respect of which such option shall be so exercised as aforesaid, the limitation of the amount of the capital of the said Company imposed or made by the said Indenture of the 14th day of February 1860, and every and any other provision in the same Indenture, or in any other of the said hereinbefore mentioned Indentures to the contrary in anywise notwithstanding.

5. That upon the holder of any of the mortgages, to be issued in respect of the said sum of 26,000 *l.*, availing himself of the option given to him under the terms of his mortgage and exchanging the said mortgage for shares in the Company to the same amount, the Secretary of State in Council of India shall during the the residue of the determinable term of 99 years from the 1st day of May 1858, pay out of the revenues of India to the said Railway Company, half-yearly, on the 30th day of June and the 31st day of December in every year, interest at the rate of 5 *l.* per cent. per annum on the capital sum represented by the mortgages which shall have been so exchanged, such interest being considered in the first instance as running from the last day on which interest shall have become payable on the same mortgages previously to the exchange thereof for shares.

6. That the sums hereinbefore agreed to be paid by the Secretary of State in Council for interest as aforesaid, shall be in full satisfaction of all interest which under the said Indenture of the 1st day of September 1858, as varied by the said Indenture of the 14th day of February 1860, would or might become payable on the principal moneys raised by mortgages in respect of the said sum of
26,000 *l.*,

26,000 £., and paid into the Bank of England to the account of the Secretary of State in Council.

7. That the provision contained in the said Indenture of the 1st day of September 1858, with respect to the application of the half-yearly net receipts of the said Railway Company in payment of the interest therein mentioned so as to exonerate the East India Company from the same, and with respect to the application of one-half of the surplus of such net receipts in the repayment of any sums previously paid for interest, with simple interest on such sums, shall apply to the interest hereinbefore agreed to be paid as aforesaid; and that in applying the same provision the simple interest on sums previously paid for interest shall in all cases be reckoned at the same rate as the interest in respect of which such sums were so paid.

8. That all moneys which under the covenant hereinbefore in that behalf contained shall be paid by the Secretary of State in Council in satisfaction of the principal moneys secured by such of the mortgages issued in respect of the said sum of 26,000 £., as shall not be exchanged for shares shall be treated and considered as capital contributed by the Secretary of State in Council out of the revenues of India to the joint stock of the said Railway Company; and in order to give full effect to the rights of the Secretary of State in Council, in respect of the capital so contributed, the Secretary of State in Council shall be at liberty at any time to name a person or persons into whose name or names, as trustee or trustees for Her Majesty on account of the Government of India an equivalent number of shares or amount of capital stock, may be placed and registered, and thereupon such shares or capital stock shall be so entered and registered accordingly, and such person or persons shall be and possess all the rights of a shareholder or shareholders in the said Railway Company.

9. That subject to the provisions in the said Indenture of the 22nd day of August 1860, and in the said Indenture of the 20th day of November 1861, and herein respectively contained, the covenants and provisions of the said Indenture of the 1st day of September 1858, as varied by the said Indenture of the 14th day of February 1860, so far as the same are now subsisting and capable of taking effect, shall be and remain in full force and virtue.

In witness whereof Elliot Macnaghten, Esq. and Sir Hy. Conyngham Montgomery, Bart., being two of the Members of the Council of India, have hereunto set their hands and seals, and the said Railway Company have caused their common seal to be affixed the day and year first above written.

CONTRACT between the SECRETARY of STATE in Council and the GREAT SOUTHERN of INDIA RAILWAY COMPANY, dated 21st April 1864.

THIS INDENTURE, made, the 21st day of April 1864, between the SECRETARY of STATE in Council of the one part and the GREAT SOUTHERN of INDIA RAILWAY COMPANY, incorporated by "The Great Southern of India Railway Act, 1858," which Act has been amended by "The Great Southern of India Railway Amendment Act, 1860," of the other part:

WHEREAS by an Indenture dated the 1st day of September, 1858, and made between the East India Company of the one part and the said Great Southern of India Railway Company of the other part (being a contract between the East India Company and the said Railway Company in relation to the constructing, maintaining, and working railways and the performance of other matters and things incidental or conducive thereto, and which contract the said Railway Company, by their said Act of 1858, were empowered to enter into), it was, amongst other things, agreed that the said Railway Company should construct and open a line of railway from Negapatam to Trichinopoly, and that the sum of 1,000,000 £. sterling should be the amount raised by the said Railway Company,

Company, in the first instance, by the issue of shares in the capital of the said Railway Company for the purpose of the said line of railway :

And whereas by an Indenture, bearing date the 14th day of February 1860, and made between the Secretary of State in Council (to whom, by virtue of the Act for the Better Government of India, 21 and 22 Vict., c. 106, the rights and liabilities of the East India Company, under the said contract, had been transferred) of the one part and the said Railway Company of the other part, it was expressly declared and agreed that the sum of 500,000 *l.* sterling should be substituted for the sum of 1,000,000 *l.* sterling, wheresoever the said last-mentioned sum occurs in the said hereinbefore recited Indenture of the 1st day of September 1858, and that the several covenants, clauses, and provisions of the same Indenture should be construed and take effect as if the said sum of 500,000 *l.* had been originally inserted in the same Indenture in lieu of the said sum of 1,000,000 *l.* :

And whereas under the provisions of The Great Southern of India Railway Amendment Act, 1860, power was given to the said Railway Company, with the sanction of the Secretary of State in Council from time to time, to borrow on mortgage on the security of their undertaking and the revenues therefrom, and of the guarantee given by the said Indenture of the 1st day of September 1858, and of any additional or further guarantee which the Secretary of State in Council might agree to give for the purposes thereof, any sums not exceeding in the whole 166,000 *l.*, and by such Act it is provided that every mortgage shall be countersigned by some officer appointed for the purpose by the Secretary of State in Council ; and by the same Act it is provided that if and when the said Railway Company should be required by the Secretary of State in Council to raise the whole or any part of the further sum of 500,000 *l.* in addition to the before-mentioned sum of 500,000 *l.* the said Railway Company may, with the sanction of the Secretary of State in Council, raise all or any part of the moneys so required by borrowing on mortgage on the security of their undertaking, and of any guarantee which may be or may have been agreed to be given by the Secretary of State in Council, instead of raising the same by shares : Provided that every such mortgage shall be countersigned as aforesaid :

And whereas the said line of railway from Negapatam to Trichinopoly was commenced by the said Railway Company, under the direction of the Secretary of State in Council :

And whereas the said Railway Company, with the sanction and by the direction of the Secretary of State in Council, have from time to time raised on loan the several sums of 90,000 *l.*, 50,000 *l.*, and 26,000 *l.*, making together the said sum of 166,000 *l.*, which the said Railway Company had power to borrow as aforesaid, and the moneys advanced in respect of such sums respectively were secured to the persons respectively advancing the same by mortgages executed and issued by the said Railway Company, and countersigned on behalf of the Secretary of State in Council, and in every such mortgage was contained a declaration that the holder for the time being of such mortgage should have the option of exchanging the same for shares to the same amount upon which interest at the rate of 5 *l.* per cent. per annum was guaranteed by the Secretary of State in Council :

And whereas by three several Indentures, bearing date respectively the 23rd day of August 1860, the 20th day of November 1861, and the 7th day of February 1863, and respectively made between the Secretary of State in Council of the one part and the said Railway Company of the other part, the Secretary of State in Council entered into covenants for payment of the principal moneys and interest secured by the said mortgages, and for payment of interest on the capital of the said Railway Company, represented by additional shares issued to the holders of mortgages issued in respect of the said sums of 90,000 *l.*, 50,000 *l.*, and 26,000 *l.* respectively, upon their availing themselves of the option given to them by the said mortgages respectively as aforesaid :

And whereas by an Indenture of contract bearing even date with but executed before these presents, and made between the Secretary of State in Council of the one part, and the said Railway Company of the other part, it is amongst other things agreed that the said Railway Company shall construct and open a line of railway from Trichinopoly to or near Erode as an extension of the said line of railway from Negapatam to Trichinopoly, and that the sum of 350,000 *l.* sterling shall be the amount raised by the said Railway Company in the first instance by the
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the issue of shares in the capital of the said Railway Company for the purpose of the said line of railway from Trichinopoly to Errode, and under the terms of the Indenture now in recital it is provided that the said line of railway from Negapatam to Trichinopoly, and the said line of railway from Trichinopoly to Errode shall be made and maintained as one line of railway, and as one undertaking, with one and the same capital and revenue account :

And whereas in the negotiations with respect to the said line of railway from Trichinopoly to Errode it was agreed between the Secretary of State in Council and the said Railway Company that in addition to the said sum of 350,000 *l.* to be raised by the said Railway Company by the issue of shares in the capital of the Company, the said Railway Company should raise money on loan to the extent of 150,000 *l.* (making together with the said sum of 350,000 *l.*, the sum of 500,000 *l.*), and should execute and issue mortgages not convertible into shares, countersigned on behalf of the Secretary of State in Council, to the persons who should be respectively willing to advance moneys in respect of such sum of 150,000 *l.*, and that the Secretary of State in Council should guarantee the payment of the principal moneys secured by any mortgages issued by the said Railway Company in respect of such sum of 150,000 *l.*, and of the interest thereof, in manner hereinafter mentioned :

And whereas the said Railway Company in pursuance of the said agreement, and under the powers in that behalf vested in them by their said Act of 1860, issued proposals for a loan of the said sum of 150,000 *l.* on the terms hereinafter mentioned, and previously to the day of the date of these presents the sum of 5,000 *l.*, part of such sum of 150,000 *l.*, has been advanced by various persons in various sums respectively, and has been paid into the Bank of England to the credit of the account of the Secretary of State in Council :

And whereas the mortgages issued and to be issued by the said Railway Company in respect of the said sum of 150,000 *l.*, are, or are to be, in accordance with a form which has been approved by the Secretary of State in Council, and by such form of mortgage the said Railway Company, in consideration of the sum therein mentioned to be paid to them by the person therein named and described, assign unto the said person, his executors, administrators, and assigns, the undertaking of the Great Southern of India Railway, and the revenues therefrom, and the benefit of the guarantee given and made by the said Indenture of the 1st day of September 1858, as varied by the said Indenture of the 14th day of February 1860, and the benefit of every, or any further guarantee, which should or might have been, or shall or may be given, by the Secretary of State in Council, for the purposes of the said undertaking. And all the estate, right, title, and interest of the Company in the same, to hold unto the said person, his executors, administrators, and assigns, until the said sum therein mentioned, together with interest for the same at the rate of 4 *l.* 10 *s.* per cent. per annum, should be satisfied. And by such form the said Railway Company covenant for themselves and their successors to pay to the said person, his executors, administrators, and assigns, the said principal sum therein mentioned, on the day therein mentioned, and also to pay to the said person, his executors, administrators, and assigns, the interest thereon, at the rate aforesaid, half-yearly, on the 1st day of January and the 1st day of July in each year, on presentation at the Union Bank of London of the coupons annexed to the mortgage :

And whereas the covenants hereinafter contained on the part of the Secretary of State in Council are entered into with the concurrence of a majority of votes at a meeting of the Council of India :

NOW THIS INDENTURE WITNESSETH, that in pursuance of the said agreement, and in consideration of the premises the said Great Southern of India Railway Company do hereby, for themselves and their successors (so far as the covenants and agreements hereinafter contained are to be observed and performed by them) covenant with the Secretary of State in Council. And the Secretary of State in Council doth hereby (so far as the covenants and agreements hereinafter contained are to be observed and performed on the part of the Secretary of State in Council for the time being) covenant with the said Great Southern of India Railway Company, and their successors, in manner following, that is to say :—

1. That the said Railway Company shall and will from time to time until the whole of the said sum of 150,000 *l.* shall have been advanced, receive sums of

money on loan from any persons respectively willing to advance the same at interest, at the rate of 4 *l.* 10 *s.* per cent. per annum; and shall and will create and issue mortgages in accordance with the said form to such persons respectively for securing the repayment of the principal sums advanced by them respectively on the days following: that is to say, as to the sum of 25,000 *l.* on 1st day of January 1871; as to the sum of 75,000 *l.* on the 1st day of July 1871; and as to the remaining sum of 50,000 *l.* at the expiration of seven years, from the date of the advance thereof to the Company, and the payment of interest on the 1st day of January and the 1st day of July in every year.

2. That all sums of money which shall be at any time received by the said Railway Company in respect of the said sum of 150,000 *l.*, shall be forthwith paid into the Bank of England to the credit of the account of the Secretary of State in Council, and in respect of any sum or sums so received by the said Railway Company on loan and paid into the Bank to the credit of the said account; and in respect of the said sum of 5,000 *l.* already so received and paid into the Bank of England as aforesaid, money may be drawn and applied by the said Railway Company in like manner as under or by virtue of the said Indenture of Contract of even date herewith it could be drawn and applied, if such sum or sums had been capital paid by the said Railway Company into the Bank of England to the credit of the said account under the said Indenture.

3. That the Secretary of State in Council shall and will as often as and when the half-yearly interest payable in respect of the mortgages issued and to be issued by the said Railway Company in respect of the said sum of 150,000 *l.* shall become due, and so as duly to provide for the payment of such interest, pay out of the revenues of India the amount of such interest into the Union Bank of London, or other the bankers for the time being of the said Railway Company to an account to be called "The Great Southern of India Railway Mortgage Account." And shall and will duly pay out of the revenues of India to the same account the amount of the principal sums payable on the said mortgages on the days following: that is to say, as to the sum of 25,000 *l.* on the 1st day of January 1871; as to the sum of 75,000 *l.* on the 1st day of July 1871; and as to the remaining sum of 50,000 *l.* on the expiration of seven years from the date of the advance thereof to the Company; and that notwithstanding anything contained in any mortgages executed and issued as aforesaid, the said Railway Company shall not be subject or liable to any action or suit at law or in equity upon or by virtue of such mortgages, but that the Secretary of State in Council shall and will at all times hereafter (the costs and charges being defrayed out of the revenues of India) well and sufficiently protect, save harmless, and keep indemnified the said Railway Company, and their lands, tenements, goods, chattels, and effects whatsoever of, from, and against all actions, suits, losses, costs, charges, damages, and expenses whatsoever which they shall or may suffer, sustain, expend, or be put unto, or which shall or may be commenced, instituted, sued or prosecuted against them by reason or in consequence of the said mortgages, or any of them.

4. That the sums hereinbefore agreed to be paid by the Secretary of State in Council for interest as aforesaid, shall be in full satisfaction of all interest which under the said Indenture of the 1st day of September 1858, as varied by the said Indenture of the 14th day of February 1860, or under the said Indenture of even date herewith, would or might become payable on the principal moneys raised by mortgages in respect of the said sum of 150,000 *l.*, and paid into the Bank of England to the account of the Secretary of State in Council.

5. That the provision contained in the said Indenture of even date herewith with respect to the application of the half-yearly net receipts of the said Railway Company in payment of the interest therein mentioned, so as to exonerate the Secretary of State in Council from the same, and with respect to the application of one-half of the surplus of such net receipts in the repayment of any sums previously paid for interest, with simple interest on such sums, shall apply to the interest hereinbefore agreed to be paid as aforesaid.

6. That all moneys which under the covenant hereinbefore in that behalf contained, shall be paid by the Secretary of State in Council in satisfaction of the principal moneys secured by the mortgages issued and to be issued in respect of the said sum of

150,000 *l.*,

150,000 *l.*, shall be treated and considered as capital contributed by the Secretary of State in Council out of the revenues of India to the joint stock of the said Railway Company, and in order to give full effect to the rights of the Secretary of State in Council in respect of the capital so contributed, the Secretary of State in Council shall be at liberty at any time to name a person or persons into whose name or names as trustee or trustees for Her Majesty on account of the Government of India an equivalent number of shares or amount of capital stock may be placed and registered, and thereupon such shares or capital stock shall be entered and registered accordingly, and such person or persons shall be and possess all the rights, and be subject to all the liabilities of a shareholder or shareholders in the said Railway Company.

7. That subject to the provisions in the said indenture of the 23rd day of August 1860 in the said indenture of the 20th day of November 1861, and in the said indenture of the 7th day of February 1863, and herein respectively contained, the covenants and provisions of the said indenture of the 1st day of September 1858, as varied by the said indenture of the 14th day of February 1860, so far as the same are now subsisting and capable of taking effect, and the covenants and provisions of the said indenture of even date herewith shall be and remain in full force and virtue.

In witness whereof Sir Henry Conyngham Montgomery, Baronet, and Sir Proby Thomas Cautley, K.C.B., being two members of the Council of India, have hereunto set their hands and seals, and the said Railway Company have caused their common seal to be affixed the day and year first above written.

CONTRACT between the SECRETARY of STATE in Council and the GREAT SOUTHERN of INDIA RAILWAY COMPANY, dated 21st April 1864.

THIS INDENTURE, made the 21st day of April 1864, between the SECRETARY of STATE in Council of the one part, and the GREAT SOUTHERN of INDIA RAILWAY COMPANY, incorporated by "The Great Southern of India Railway Act, 1858," which Act has been amended by "The Great Southern of India Railway Amendment Act, 1860," of the other part.

WHEREAS the Great Southern of India Railway Company were incorporated by the first-mentioned Act of Parliament for the purpose of affording railway communication to the Southern Provinces of India and such other places as they might from time to time determine, by constructing, maintaining, and working railways, and the performance of all other matters and things incidental or conducive thereto; and by the said Act the said Railway Company were empowered from time to time to enter into and conclude with the East India Company, on account of the Government of India, and to carry into effect such contracts, agreements, and arrangements as the respective parties might think fit and agree upon for or connected with, or incident to, or respecting all or any or either of the objects and purposes aforesaid, including such provisions as are hereinafter contained:

And whereas, by an Indenture dated the 1st day of September 1858, and made between the East India Company of the one part, and the said Railway Company of the other part, it was, amongst other things, agreed that the said Railway Company should construct and open a line of railway to commence at Negapatam, and to proceed to Trichinopoly, the sum raised or to be raised by the said Railway Company in the first instance being 1,000,000 *l.* sterling, and that the land required for the purpose of the said railway should be provided by the East India Company; and that upon the completion of the said line of railway, or of any part or parts thereof, as required by the East India Company to be first completed, the land required for the completed line, and for the works and conveniences thereto belonging, should be leased to the said Railway Company

by the East India Company for the term of 99 years from the 1st day of May 1858, determinable by surrender or purchase or re-entry, as in the said Indenture mentioned, and that the East India Company should pay to the said Railway Company in London, half-yearly, during the said determinable term, interest at the rate of 5 *l.* per centum per annum on the said sum of 1,000,000 *l.* sterling, or on such part thereof as should for the time being have been paid as therein mentioned by the said Railway Company to the East India Company, and that the moneys required for the said railway and works or otherwise, as therein mentioned, in excess of the said sum of 1,000,000 *l.* sterling should be raised and paid by the said Railway Company to the East India Company, and that the East India Company should from time to time during the then residue of the said determinable term of 99 years, pay to the said Railway Company, half-yearly, interest on such excess as might be mutually agreed upon. And in the same Indenture were contained clauses and provisions with reference to the said line of railway to the same or the like effect as the several clauses and provisions hereinafter contained :

And whereas by an Indenture dated the 14th day of February 1860, and made between the Secretary of State in Council (to whom by virtue of the Act for the better government of India 21 and 22 Vict. cap. 106, the rights and liabilities of the East India Company under the said contract had been transferred) of the one part and the said Railway Company of the other part : It was expressly declared and agreed that the sum of 500,000 *l.* sterling should be substituted for the sum of 1,000,000 *l.* sterling wheresoever the said last-mentioned sum occurs in the said hereinbefore recited Indenture of the 1st day of September 1858, and that the several covenants, clauses, and provisions of the same Indenture should be construed and take effect as if the said sum of 500,000 *l.* had been originally inserted in the same Indenture in lieu of the said sum of 1,000,000 *l.* :

And whereas the said line of railway from Negapatam to Trichinopoly was commenced by the said Railway Company under the direction of the Secretary of State in Council, and is now completed or nearly completed :

And whereas the said Railway Company with the sanction and by the direction of the Secretary of State in Council, have from time to time raised the several sums of 90,000 *l.*, 50,000 *l.*, and 26,000 *l.*, making together the sum of 166,000 *l.* on loan upon mortgages convertible into shares, upon which interest at the rate of 5 *l.* per centum per annum was guaranteed by the Secretary of State in Council :

And whereas by three several indentures bearing date respectively the 23rd day of August 1860, the 20th day of November 1861, and the 7th day of February 1863, and respectively made between the Secretary of State in Council of the one part and the said Railway Company of the other part ; the Secretary of State in Council entered into covenants for payment of the principal moneys and interest secured by the said mortgages and for payment of interest at the rate aforesaid on the capital of the said Railway Company represented by additional shares issued in exchange for the said mortgages as aforesaid :

And whereas the Secretary of State in Council has lately sanctioned the construction by the said Railway Company of a line of railway from the terminus of the said line of railway at Trichinopoly to or near Errode, so as to form a junction with the south west line of the Madras Railway Company on the terms hereinafter mentioned, and has agreed to guarantee interest at the rate of 4 *l.* 15 *s.* per cent. per annum on the sum of 350,000 *l.*, to be raised by shares in the capital of the said Railway Company, for the purposes of such new line :

And whereas the said Railway Company have paid into the Bank of England to the credit of the Secretary of State in Council the sum of 133,000 *l.*, in respect of the said sum of 350,000 *l.* :

And whereas the covenants hereinafter contained on the part of the Secretary of State in Council are entered into with the concurrence of a majority of votes at a meeting of the Council of India :

And whereas it is intended that the said railway from Negapatam to Trichinopoly and the said railway from Trichinopoly to or near Errode shall be made
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and maintained as one line of railway and as one undertaking with one and the same capital and revenue account, and in order to carry such intention into effect it has been agreed that the clauses numbered respectively 8, 12, 14, 17, 18, 21, 22, 23, 24, 25, and 26, hereinafter contained, shall be in substitution for the corresponding clauses contained in the said Indenture of the 1st day of September 1858 so as to supersede the last-mentioned clauses :

And whereas the expression "the said line of railway," or, "the said line of railways and works," where the same is hereinafter used, is intended to mean the said line of railway from Trichinopoly to or near Errode or such line and the works connected therewith, unless there may be something in the context to show that such expression is used in any different sense :

NOW THIS INDENTURE WITNESSETH that in consideration of the premises, the said Great Southern of India Railway Company do hereby for themselves and their successors (so far as the covenants and agreements hereinafter contained are to be observed and performed by them) covenant with the Secretary of State in Council, and the Secretary of State in Council, doth hereby (so far as the covenants and agreements hereinafter contained are to be observed and performed on the part of the Secretary of State in Council for the time being) covenant with the said Great Southern of India Railway Company and their successors in manner following (that is to say) :--

1. That it shall be lawful for the Secretary of State in Council to determine, **Selection of Line.** fix upon, and select the route and direction of a line of railway to commence at the terminus at Trichinopoly, of the line of railway to which the said Indenture of the 1st day of September 1858 relates, and to proceed to or near to Errode, with a view to form a junction with the south west line of railway of the Madras Railway Company, and such selected line of railway of an estimated cost to be approved of by the Secretary of State in Council, shall be completed by the said Railway Company, and opened for the conveyance of passengers and goods with all practicable speed.

2. That the Secretary of State in Council shall give notice to the said Railway **Notice of Line.** Company of the line when so selected as aforesaid, or of any part or parts thereof, as such part or parts shall from time to time be fixed upon, and it shall be lawful for the Secretary of State in Council from time to time, after such notice as aforesaid, to alter the said route or direction, or to extend or limit the same, as the Secretary of State in Council shall think fit: Provided always, that if such alteration of route or direction shall be made after the railway shall have been commenced in a previously selected route or direction, the expense of the said railway, or in any way incident to such alteration, shall be considered as properly incurred by the said Railway Company.

3. That the Secretary of State in Council shall, after the selection of the route **Land.** and direction of the said line of railway, or of any part or parts thereof, and from time to time as may be necessary, provide the land which shall be required for the said railway, or for the part or parts thereof so selected, and the works connected therewith, and for proper stations, offices, warehouses, and other conveniences for the same, and shall give to the said Railway Company possession thereof, and that all land of which possession shall be so given to the said Railway Company, which shall not be permanently required for the purposes of the said railway shall, as soon as practicable be restored and delivered up by the said Railway Company to the Government of India, for the use of Her Majesty, her heirs and successors, for the purposes of the Government of India.

4. That the said Railway Company shall, on receiving possession of the same **Works.** land, or any part thereof, forthwith and subject to the supervision and control hereinafter prescribed, commence and proceed with diligence in the construction of the said line of railway, and of all such stations, offices, warehouses, fixed machinery, and other works and conveniences, as in the opinion of the Secretary of State in Council (such opinion to be certified in writing), shall be necessary or expedient, as well with reference to the original construction of the said railway and the working thereof, as with reference to the permanent maintenance thereof and its protection from injury or destruction by inundation, tempests, or other causes whatsoever, and such railway shall be made at such gradients, and shall be furnished with rails of such weight and strength, and laid down and secured in such manner, and shall consist either of a single or double line of railway, as

the Secretary of State in Council shall, in writing, direct, and shall, if required by the Secretary of State in Council, and at such time or times as the Secretary of State in Council shall, in writing, require be provided with an electric telegraph constructed along all or such part or parts of the said railway, and upon such principle, and under such regulations as to its use and the terms of its use, as the Secretary of State in Council shall from time to time in writing direct or approve of, and the said Railway Company shall, from time to time, attend to, execute and perform all such directions in writing as may from time to time be given by the Secretary of State in Council, for any deviations from, or alterations in, any directions or requisitions previously made or given with respect to the premises. And the said Railway Company shall, as soon as the said railway shall be completed for such a distance as, in the opinion of the Secretary of State in Council shall be desirable, open the same for the conveyance of passengers and goods.

Opening.

5. That it shall be lawful for the Secretary of State in Council from time to time, by notice in writing to the said Railway Company to require any specified part or parts of the said line of railway to be completed as aforesaid, and to be opened for the conveyance of passengers and goods, before the remaining part or parts thereof shall be constructed, and such requisitions shall be complied with and fulfilled by the said Railway Company.

Money Capital.

6. That the said Railway Company shall pay into the Bank of England, to the account of the Secretary of State in Council, the sum of 217,000 £, which, with the sum of 133,000 £ already paid, will make up in all the sum of 350,000 £ sterling, by such instalments, and at such times as the Secretary of State in Council may require, and such payments may be made in sums of not less than 10,000 £ each, in London: Provided that if the said Railway Company shall receive any portion of their capital already subscribed, or hereafter to be subscribed in India, it shall be lawful for them to pay the amount so received, in sums of not less than 10,000 rupees, into the treasury at Madras, in or towards satisfaction of the said instalments, and the acknowledgement of such respective payments there, shall, when produced to the Secretary of State in Council, in London, be considered and taken as payments on the respective days of payment thereof, in part satisfaction of the said sum of 350,000 £, at the exchange of 1 s. 10 d. for each Company's rupee: Provided always, that such payments into the treasury at Madras, shall not exceed the amounts which may from time to time be required for expenditure in India, such limit being determined upon by the Secretary of State in Council.

Drafts on Capital.

7. That as often as and when any money shall be required by the said Railway Company for any purposes sanctioned by the Secretary of State in Council, and in reference to the particular sums from time to time required, only so far as such purposes shall have been performed to the satisfaction of the Secretary of State in Council, or when any money shall be required for the performance of works sanctioned by the Secretary of State in Council, while the same shall be in course of execution, such money may be drawn in such sums as shall, from time to time, be necessary by the said Railway Company, in London, or at Madras, according to such arrangements as shall be made from time to time, with the Secretary of State in Council for that purpose, but 10 days' notice of every such draft, or proposed draft, shall be given to the Secretary of State in Council, or to the Government of Madras, and all sums of money which shall be so drawn at Madras, under the said Indenture of 1st day of September 1858, or these presents shall be set off at the exchange of 1 s. 10 d. for each Company's rupee, against the moneys which for the time being shall have been paid into the Bank of England, to the account of the Secretary of State in Council, under the said Indenture of the 1st day of September 1858, and these presents; and the said Railway Company shall not in any case be entitled to draw in London or at Madras, to an extent greater than the balance in their favour for the time being.

Plant, Fares and Tolls.

8. That when and so soon as the said railways, or any part or parts thereof shall have been required by the Secretary of State in Council, to be completed before the construction of the other part shall be completed and ready to be opened for the use of the public, and so from time to time as any such part thereof shall be completed and ready to be opened, the said Railway Company shall and will subject to the supervision and control hereinafter mentioned, provide

vide to the satisfaction of the Secretary of State in Council, a good and sufficient working stock of engines, carriages, and other plant and machinery for working the said railways, or such part or parts thereof as shall have been completed as aforesaid, and carrying on the business and traffic of the same, and the said Railway Company shall and will forthwith commence and carry on the business of common carriers of goods and passengers upon the said railways, and for that purpose, shall cause to be run on the same so many trains at such times, and at such rates of speed, and between such places, and with such conveniences and accommodations as the Secretary of State in Council shall from time to time require: and the said Railway Company shall and will allow the use of the said railways to the public on such terms as shall be approved by the Secretary of State in Council, and the said Railway Company shall be authorised and empowered to charge such fares for the carriage of passengers and goods, and such rates for telegrams, and such tolls as shall have been approved by the Secretary of State in Council, and shall not in any case charge any higher or different fares, rates, or tolls whatsoever, without such approval being first obtained, but the fares, rates, or tolls to be taken under the said Indenture of the 1st day of September 1858, and these presents shall, when such net receipts as are herein-after mentioned shall in any year have exceeded 10 per cent. upon the whole outlay, be reduced in accordance with any requisition of the Secretary of State in Council in that behalf, but only with a view of limiting the said fares, rates, and tolls so far, that the net receipts shall not exceed 10 per cent. as aforesaid, and this present clause shall be in substitution for the corresponding clause of the said Indenture of the 1st day of September 1858: Provided nevertheless, that the rates now charged under the same Indenture shall continue chargeable until the expiration of a reasonable time for communicating to India any change thereof made in pursuance of these presents.

9. That upon the completion of the said line of railway, or of any part or parts thereof which shall have been required by the Secretary of State in Council to be completed before the construction of the remaining part, the Secretary of State in Council shall and will grant to the said Railway Company, a lease of, or otherwise secure to them a right and title to the land which shall have been provided under the provisions in these presents contained, or of so much thereof as shall be required for the completed line, and for the works and conveniences thereto belonging for a term of 99 years, commencing from the 1st day of September 1858, unless the same shall be sooner determined under the provisions herein contained, and the Secretary of State in Council shall guarantee to the said Railway Company the quiet and undisturbed possession of such land, but shall not be called upon to show any title thereto. Title to land.

10. That the said Railway Company and their officers, servants, and agents, as also their accounts and affairs shall in all things be subject to the superintendence and control of the Secretary of State in Council, as well in England as elsewhere, and in particular, that no bye laws, contracts, orders, directions, proceedings, works, or undertakings, acts, matters, or things whatsoever, shall be made, done, entered into, commenced or prosecuted by or on the part of the said Railway Company, unless previously sanctioned in writing by the Secretary of State in Council, or in some other manner to be prescribed by the Secretary of State in Council, and that no moneys shall be raised by the said Railway Company by any other means than by calls upon, or payments in respect of the shares in the same company without the sanction of the Secretary of State in Council in writing, and no extension in the number of shares in the said Railway Company, or in the amount of its capital shall be made, unless sanctioned in like manner; and that it shall be lawful for the Secretary of State in Council from time to time to give to the said Railway Company, their officers, servants, and agents, all such orders and directions as the Secretary of State in Council shall from time to time think fit with reference to the said line of railway and works, and with reference to the manner and times of executing the same, and with reference to any contracts, orders, and directions to be entered into, made, or given with regard thereto, and otherwise with reference to the same, all which contracts, orders, and directions, shall be executed and followed by the said Railway Company to the satisfaction of the Secretary of State in Council, the costs and expenses of the same which shall have been allowed and sanctioned by the Secretary of State in Council being paid out of the capital of the said Railway Supervision ;
Government
Director may be
appointed; his
powers and
privileges.

way Company; and that for better enabling the Secretary State in Council to exercise the control and direction intended to be hereby secured, the said Railway Company shall record and keep in proper books for that purpose, full and particular accounts of all their transactions and proceedings including full and true minutes of all their meetings, meetings of directors, communications with India, and correspondence, so as at all times to exhibit thereby fully and truly the state of their affairs and proceedings, and that the Secretary of State in Council, and any person or persons appointed by him in that behalf, shall at all reasonable times have free access to all the books, accounts, papers, and documents of the said Railway Company (except communications between the said Railway Company and their legal advisers) and power to make copies of or extracts from the same, whether such books, accounts and documents relate to the said line of railway and works, or to any other matters or things whatsoever, in which the said Railway Company shall or may be interested, and for the purposes aforesaid, it shall be lawful for the Secretary of State in Council from time to time, to appoint any one person not being a shareholder in the said Railway Company to be an *ex officio* director of the said Railway Company, and to be called the Government Director, which director, if and when appointed, shall rank as and be one of the board of directors of the said company, and be entitled in all things to act as such, and to exercise at his discretion, a right of veto in all proceedings whatsoever at boards of the said directors, except proceedings for the purpose of communicating with the legal advisers of the company, and shall not be removable, except by order of the Secretary of State in Council, and shall, in case the whole number of directors shall at the time of his appointment be filled up, come and be in the place of the director who shall retire from the direction according to the decision of the board, such decision being taken by ballot, but such Government director shall not be entitled to any salary from the said Railway Company: Provided always, that nothing hereinbefore contained, shall authorise the Secretary of State in Council to appoint any officers or servants of the said Railway Company, except such Government director as aforesaid: Provided also, that the beforementioned Indenture of the 1st day of December 1858, and these presents together shall not authorise the Secretary of State in Council to appoint more than one person to be Government director of the said Railway Company at any one time.

Sanction of
expenditure.

11. That all the expenses of the said Railway Company shall, from time to time, be stated and submitted to the Secretary of State in Council for sanction and approval; and as between the said Railway Company and the Secretary of State in Council, shall be allowed so far only as the same shall, from time to time, have been sanctioned and approved by the Secretary of State in Council: Provided always that the last-mentioned stipulation shall not interfere with any such subsidiary agreement or agreements (if any) as from time to time may be made between the said Railway Company and the Secretary of State in Council, in the performance of any part or parts of the said railways and works constructed and to be constructed under the said Indenture of the 1st day of September 1858, and these presents, at any sum or sums of money to be specified in such subsidiary agreement or agreements, in which case the expense in respect of the same shall be allowed and taken at the sum or sums which shall be agreed upon.

Capital account.

12. That a capital account relating to the construction of the said lines of railway constructed and to be constructed by the said Railway Company, under the said Indenture of the 1st day of September 1858, and these presents and the works, conveniences, and telegraphs thereto respectively belonging and relating to the original cost of engines, carriages, and the plant and machinery, shall be kept by the said Railway Company, to which account all moneys paid by the said Railway Company (the expenditure of which shall have received the sanction and approval of the Secretary of State in Council), shall from time to time be carried. And when and so soon as the said railways and works shall have been completed and furnished with the necessary rolling stock and plant, or at any earlier time or times, if the Secretary of State in Council shall require the same; the said capital account shall be made up and a statement shall be furnished to the Secretary of State in Council of the aggregate amount of capital which, according to such account shall have been expended, and such amount shall, by examination of such account, be ascertained and certified by the Secretary of State

State in Council, and thenceforth and from the opening of the said railways respectively, or any part or parts thereof respectively, the cost of maintaining the same, with their respective machinery and stock in good working condition, shall be payable by the said Railway Company out of the revenue of the said Railway Company, including any interest to be received from the Secretary of State in Council; but upon any additions, alterations, or improvements (such as shall properly be chargeable to the capital account), being thereafter made with the sanction and approval of the said Secretary of State in Council, to, of, or in the said railways, or the works, conveniences, or telegraphs thereto belonging, or the engines, carriages, and other plant and machinery, the cost necessarily incurred in executing such additions, alterations, or improvements, shall be added to the said capital account. And if it shall happen that any liability shall be incurred to third persons for consequential damages caused by any works executed by the company under the sanction or authority of the Secretary of State in Council, all expenses necessarily incurred in satisfying the same shall be paid by the Company and added to the said capital account; and the said capital account shall, from time to time, be made up and stated afresh as occasion shall require, and be ascertained and certified accordingly. And this present clause shall be in substitution for the corresponding clause of the said Indenture of the 1st day of September 1858.

13. That at all times during the said determinable term of 99 years the said Railway Company shall keep the said line of railway, or so much thereof as shall be completed and opened for traffic, and the works and conveniences belonging thereto, and the telegraphs on the said railway (if any), in a state of good repair and in good working condition, to the satisfaction of the Secretary of State in Council, and shall keep the same fully provided with rolling stock and plant adequate to the service thereof, to the satisfaction of the Secretary of State in Council.

Repairs and
maintenance of
rolling stock.

14. That the said Railway Company shall, in such forms and under such heads or divisions as shall be prescribed by the Secretary of State in Council, keep accounts of all receipts and payments whatsoever in respect of the railways constructed and to be constructed under the said Indenture of the 1st day of September 1858, and these presents (other than such receipts and payments as properly belong to the capital account hereinbefore agreed to be kept); and such accounts shall be called the "Revenue Accounts of the Great Southern of India Railway Company," and shall be made up half-yearly to the 30th day of June and the 31st day of December in every year, or to such other days in the year as the Secretary of State in Council shall appoint, and shall be regularly transmitted to the Secretary of State in Council, who shall be at liberty at all times, in auditing the same accounts, to make any corrections therein which may be necessary; and this present clause shall be in substitution for the corresponding clause of the said Indenture of the 1st day of September 1858.

Revenue account.

15. That all earnings and profits received by or on account of the said Railway Company in India shall be paid at such times and in such manner as the Secretary of State in Council shall direct, without any deduction under any pretence whatever, into the treasury of the Government at Madras, to an account to be kept separately, to be called "The Revenue Account of the Great Southern of India Railway Company;" and when any money shall be required by the said Railway Company for any purposes sanctioned by the Secretary of State in Council, such money may be drawn by the said Railway Company according to such arrangements as shall from time to time be made with the Secretary of State in Council for that purpose.

Deposit of
revenue and
drafts thereon.

16. That the Secretary of State in Council shall, in addition to the interest payable in respect of the said sum of 500,000 £, under the provisions of the said Indenture of the 1st day of September 1858, as varied by the said Indenture of the 14th day of February 1860, and in addition to the interest payable under the provisions of the said Indentures of the 23rd day of August 1860, the 20th day of November 1861, and the 7th day of February 1863 respectively, from time to time during the said determinable term of 99 years, pay to the said Railway Company in London, half-yearly, on the 30th day of June and the 31st day of December in every year, interest at the rate of 4 £. 15 s. per cent. per annum on the said sum of 350,000 £ sterling, raised or to be raised for the purpose of these

Guarantee of
interest.

presents, or on such parts thereof as shall for the time being have been paid in London or Madras as aforesaid such interest upon any part of the said sum being considered in the first instance as running from the day on which the same part shall have been so paid.

Moneys in excess.

17. That if the expenditure of the said Railway Company in making the said lines of railway and works constructed and to be constructed under the said Indenture of the 1st day of September 1858, and these presents or otherwise in respect of the matters to be included in the said capital account, shall exceed the aggregate of the said three sums of 500,000 £., 160,000 £. and 350,000 £., the moneys necessary to meet such excess shall be raised and paid by the said Railway Company into the Bank of England to the credit of the account of the Secretary of State in Council, and the Secretary of State in Council shall from time to time during the then residue of the said determinable term of 99 years pay to the said Railway Company half-yearly, on the days aforesaid, interest on such moneys at such rate as shall be mutually agreed upon, to be calculated from the respective times when they shall have been so paid as aforesaid; and this present clause shall be in substitution for the corresponding clause of the said Indenture of the 1st day of September 1858.

Application of profits.

18. That so soon as the said Railway Company shall begin to work the said lines of railway, constructed, or to be constructed, under the said Indenture of the 1st day of September 1858, and these presents, or any part thereof, and thenceforth, during the said determinable term of 99 years, the net profits which shall be realised during any half year, or from the commencement up to the first of the aforesaid half-yearly days on the lines of railway constructed, and to be constructed under the said Indenture of the 1st day of September 1858, and these presents, or on either of them, or on any parts or part thereof respectively, after deducting therefrom all sums which shall have been expended in the repairs and maintenance of the said railways and works and the repair and restoration of the rolling stock and plant belonging thereto, and the management and conduct of the said Railway Company and its affairs, and which shall have been allowed or sanctioned by the Secretary of State in Council, and also deducting such sum (if any) as with the consent of the Secretary of State in Council may be appropriated and set apart for repairing, restoring, and making good any deterioration of the said railways and works, or stock and plant and for the current expenses of working the said railways (the money to be so appropriated and set apart as a reserve fund, or any part thereof, being invested and accumulated, or otherwise dealt with, till required for application, in any manner the said Railway Company may think fit, subject to the sanction and approval of the Secretary of State in Council), shall be applied in the first place in or towards discharge of the interest which shall be payable by the Secretary of State in Council, under the covenants in that behalf in the said Indenture of the 1st day of September 1858, as varied by the said Indenture of the 14th day of February 1860, and in the said Indentures of the 23rd day of August 1860, the 20th day of November 1861, and the 7th day of February 1863, respectively, and hereinbefore respectively contained, in respect of the said half-year, so as to exonerate the Secretary of State in Council, and the revenues of India, so far as the same net receipts will extend from the payment of such interest, the money so to be applied being reckoned at the fixed and permanent exchange of 1 s. 10 d. per Company's rupee, and the residue (if any) of such net receipts shall be applied in manner following, that is to say, one moiety thereof shall be forthwith applied in the repayment of such sums of money as shall at any previous time or times have been paid by the Secretary of State in Council to the said Railway Company, under the covenants in the said Indenture of the 1st day of September 1858, as varied by the said Indenture of the 14th day of February 1860, and in the said Indentures of the 23rd day of August 1860, the 20th day of November 1861, and the 7th day of February 1863, respectively, and hereinbefore respectively contained by way of interest, as aforesaid, together with simple interest on such sums of money, at the same rate as the interest, in respect of which such simple interest shall be so payable from the times of payment thereof; respectively, and such moiety shall be paid into the Treasury of the Government at Madras, and shall be reckoned at the said rate of exchange and shall be applied in reduction and discharge of the whole of the interest payable to the Secretary of State in Council, on the said sums of money, before the same

same shall be applied in liquidation of any part of the principal thereof, and the other moiety of the said surplus net receipts, shall be paid to, or applied for, the use and benefit of the said Railway Company. And if, at any time during the said determinable term of 99 years, the whole of the moneys previously paid by the Secretary of State in Council, as aforesaid, with interest thereon, as aforesaid, shall have been repaid and discharged, then for every half-year during such time and so often as the same shall happen, the said Railway Company shall be entitled for their own use and benefit, to the entirety of the said surplus, net receipts, or (as the case may be) so much thereof, as shall remain after such repayment, and discharge, as last aforesaid shall have been made. And this present clause shall be in substitution for the corresponding clause of the said Indenture of the 1st day of September 1858.

19. That the said Railway Company will, at all times during the said determinable term, convey on the said lines of railway constructed, and to be constructed under the said Indenture of the 1st day of September 1858, and these presents, the Government mails and post-bags, and the guards and other servants of the post office in charge thereof, free of charge, and when they are on duty, all officers and persons in the administration of the post office, also free of charge, and will also convey on the said railways, when they are on duty, the troops in Her Majesty's service, both horse and foot, and all other persons to whom the provisions of the Mutiny Acts and Regulations, or Acts for the time being in force for Her Majesty's European and Indian forces respectively, shall be applicable, and all artisans on the business of the Government, the officers and persons of similar station in life, to be entitled to travel in first-class carriages, at second-class fares, and the troops and European artisans in second class-carriages, at the lowest fares, and all other persons at the lowest fares, with two tons of baggage for every 100 men, free of charge. And will also convey on the said railways all general stores belonging to the Government, and all guns, ammunition, horses, and other animals used for military purposes, and all military stores, carriages, waggons, camp equipage, and equipments, whatsoever, at the lowest rate for the time being, chargeable for the carriage of such animals, goods, and merchandise, the several privileges of conveyance and carriage hereby stipulated for being at all times to be used and enjoyed in preference to, and priority over, the public use of the said lines of railway for conveyance and carriage. Mails and troops.

20. That at the end of the said term of 99 years, by effluxion of time, the land provided and to be provided in pursuance of the said Indenture of the 1st day of September 1858, and of these presents with the railway thereon respectively, and all buildings, works, fixed machinery, telegraphs, and conveniences whatsoever, shall revert to, and become the property of Her Majesty, Her heirs, and successors, for the purposes of the Government of India, free from all debts and charges whatsoever (save such as shall have been sanctioned by the Secretary of State in Council), and any lands in Great Britain which may then be held by the said Railway Company for the purposes of their business, shall be sold, and the clear moneys produced by such sale shall be paid into the Bank of England, to the account of the Secretary of State in Council, and the said Railway Company shall deliver to the Secretary of State in Council for the purposes of the Government of India, all plans, surveys, sections, books, printings, writings, drawings, and documents whatsoever, in anywise connected with the undertaking and affairs of the said Railway Company. And the said Railway Company shall sell, and the Secretary of State in Council on behalf of Her Majesty, and for the purposes of the Government of India, shall purchase all the engines, carriages, stock, machinery, and plant, which shall be then used in working the said railways or otherwise in connection therewith, or belonging thereto respectively, for such sum of money as shall be the fair value thereof, the same to be determined, in case of difference, by a valuation to be made by referees, or by their umpire, to be respectively appointed in the usual manner, and the Secretary of State in Council shall pay out of the revenues of India to the said Railway Company in London, the sum of money to be so determined within four months after such determination with interest thereon at the rate of 5 l. per cent. per annum, from the expiration of the said term of 99 years. Ultimate rights of property.

21. That after any portion of the railways constructed and to be constructed under the said Indenture of the 1st day of September 1858, and these presents shall Surrender.

shall have been finished and in work for three calendar months at least, it shall be lawful for the said Railway Company then, or at any time thereafter during the said term of 99 years, to give notice in writing of their intention to surrender and relinquish the said railways and works to Her Majesty, for the purposes of the Government of India, on any day to be mentioned in such notice, so that such notice be served at least six calendar months before that day, both on the Secretary of State in Council in London, and also on the secretary of Government at Madras, and in case of such notice being given, the said Railway Company shall, at the expiration thereof, surrender and relinquish to Her Majesty, for the purposes of the Government of India, the said railways and works accordingly, together with the telegraphs (if any), and shall, with all convenient speed, sell any lands in Great Britain which may then be held by the said Railway Company for the purpose of their business, and pay the clear moneys to be produced by such sale into the Bank of England, to the account of the Secretary of State in Council, and shall deliver to the Secretary of State in Council, or his authorised agents, on behalf of Her Majesty, for the purposes of the Government of India, the engines, carriages, stock, plant, and machinery belonging to the said railways and works respectively, and all plans, surveys, sections, printings, writings, drawings, and documents whatsoever connected with the undertaking and affairs of the said Railway Company, and the premises to be so surrendered and delivered, shall be accepted and received accordingly, it being expressly agreed that the said railways, works, stations, telegraphs, engines, carriages, stock, plant, and machinery, shall at the time of such surrender and delivery, be in good working order according to the covenant in that behalf, in the said Indenture of the 1st day of September 1858, and hereinbefore respectively contained on the part of the said Railway Company, and immediately upon such surrender and delivery being made, the Secretary of State in Council shall be bound to pay out of the revenues of India to the said Railway Company, the capital expended by the said Railway Company upon the said railways, works, and premises so to be surrendered and delivered, such expended capital being ascertained and certified in the manner hereinbefore mentioned, together with such parts (if any) of the capital raised for the purposes of the said Indenture, and of these presents as shall remain in the Bank of England to the account of the Secretary of State in Council, and to discharge and indemnify the said Railway Company from all debts and liabilities incurred with the sanction of the Secretary of State in Council, and thereupon the covenants in the said Indenture of the 1st day of September 1858, as varied by the said Indenture of the 14th day of February 1860, and in the said Indentures of the 23rd day of August 1860, the 20th day of November 1861, and the 7th day of February 1863 respectively (so far as respects interest on the capital represented by shares taken in exchange for mortgages), and hereinbefore respectively contained for payment of interest, shall cease as from the day upon which the said railways and works are to be surrendered and accepted, and all claims by the Secretary of State in Council on account of interest on the said Railway Company shall also cease, and the Secretary of State in Council shall be at liberty to retain out of any moneys payable to the said Railway Company, the amount of all claims and demands, of any sort, then existing against the said Railway Company on their revenue account in respect of their undertaking, and which shall not be shown to have been fully satisfied and discharged until the same shall have been shown to be so satisfied and discharged: Provided always, that the Secretary of State in Council shall not be liable to refund any sum expended in the maintenance or working of either of the said lines, or any part thereof respectively, after the same shall have been opened, which sum is to be provided by the Railway Company out of the revenues of the lines, and interest as hereinbefore provided or otherwise, and this present clause shall be in substitution for the corresponding clause of the said Indenture of the 1st day of September 1858.

22. That at any time within six calendar months after the expiration of the first 25 years of the said term of 99 years, or at any time within six calendar months after the expiration of the first 50 years of the same term, it shall be lawful for the Secretary of State in Council to give notice to the said Railway Company in London and at Madras of his intention to purchase on behalf of Her Majesty, for the purposes of the Government of India, the railways and works

works constructed and to be constructed under the said Indenture of the 1st day of September 1858; and these presents respectively, together with the stations and telegraphs (if any), and the engines, carriages, stock, plant, and machinery belonging to the said railways and works, but subject to such debts and liabilities (if any), as may have been incurred to Her Majesty or to the Secretary of State in Council (exclusive of any arrears of the interest on the capital of the said Railway Company paid by the Secretary of State in Council, which shall not have been repaid), or to any person or persons with the sanction of the Secretary of State in Council; and to interest on such of the said debts as carry interest from the day on which possession shall be taken of the said railways, but not from any earlier time; and thereupon at the half-yearly day next but one following such notice, the land provided or to be provided as aforesaid, with the railways thereon, and all buildings, works, fixed machinery, stations, telegraphs, and conveniences whatsoever shall revert to and become the property of Her Majesty for the purposes of the Government of India; and in case any lands in Great Britain shall then be held by the said Railway Company for the purpose of their business the same shall be sold, and the clear moneys to be produced by such sale shall be paid into the Bank of England to the account of the Secretary of State in Council; and the said Railway Company shall, at the same time, deliver to the Secretary of State in Council, or his authorised agents, on behalf of Her Majesty for the purposes of the Government of India, the engines, carriages, stock, plant, and machinery belonging to the said railways and works, and all plans, surveys, sections, books, printings, drawings, writings, and documents whatsoever, in anywise relating thereto; and the Secretary of State in Council shall be bound to pay in London, out of the revenues of India on the said half-yearly day for the purchase of all the same premises, a sum equal to the amount of the value of all the shares and capital stock in the said Railway Company, issued or created for the purposes of the said Indenture of the 1st day of September 1858, and of these presents or of the said Indentures of the 23rd day of August 1860, the 20th day of November 1861, and the 7th day of February 1863, or either of them, calculated according to the mean market value in London of such shares or stock during the three years immediately preceding the expiration of the said period of 25 years or the said period of 50 years, as the case may be. And shall also be bound to indemnify the said Railway Company against all such debts and liabilities (if any) as they may have incurred to or with the sanction of the Secretary of State in Council, and as shall be then subsisting; and thereupon the covenants in the said Indenture of the 1st day of September 1858, as varied by the said Indenture of the 14th day of February 1860. And in the said Indentures of the 23rd day of August 1860, the 20th day of November 1861, and the 7th day of February 1863, respectively (so far as respects interest on the capital represented by shares taken in exchange for mortgages), and hereinbefore contained for payment of interest shall cease, and this present clause shall be in substitution for the corresponding clause of the said Indenture of the 1st day of September 1858.

23. That if default shall be made by the said Railway Company in the raising and payment of the said sum of 500,000 *l.* in pursuance of the said Indenture of the 1st day of September 1858 as varied by the said Indenture of the 14th day of February 1860 or of the said sum of 350,000 *l.* or any of the instalments thereof respectively, or such further capital as shall be required for the construction of the railways constructed and to be constructed under the said Indenture of the 1st day of September 1858, and these presents or in the due application of any moneys drawn in London or in India as aforesaid, or in the execution of the said railways and works conformably with the covenants in that behalf in the said Indenture of the 1st day of September 1858, and hereinbefore respectively contained, or in case the said Railways shall not be worked to the satisfaction of the Secretary of State in Council, or in case of any other breach on the part of the said Railway Company of any of the covenants of the said Indenture of the 1st day of September 1858, and hereinbefore respectively contained, it shall be lawful for the Secretary of State in Council on giving to the said Railway Company at Negapatam or other the place of their office in India, three calendar months' notice of his intention in that behalf to terminate the interest of the said Railway Company in the said lands, railways, telegraphs, and works to be taken, constructed, and made under the said Indenture of the 1st day of Sep-

Possession as a
remedy.

tember 1858, and these presents and on behalf of Her Majesty for the purposes of the Government of India to assume possession of the said lands, railways, telegraphs, and works respectively, and of all or any of the engines, carriages, stock, plant, and machinery provided for the same or belonging thereto, and all plans, surveys, books, printings, drawings, writings, and documents, whatsoever in anywise connected with the said lines of railway, and in that case any lands in Great Britain which may then be held by the said Railway Company for the purpose of their business shall with all convenient speed be sold, and the clear moneys to be produced by such sale shall be paid into the Bank of England to the account of the Secretary of State in Council; and, in case of such notice being given, the Secretary of State in Council shall be liable to repay out of the revenues of India within six calendar months after its expiration to the said Railway Company in London, the capital expended by the said Railway Company upon the said railways and works ascertained and certified as hereinbefore is mentioned after a proper deduction for all debts and liabilities then affecting the said Railway Company or the property of the said Railway Company, the money to be so repaid to include so much (if any) of the capital of the said Railway Company as shall then remain in the Bank of England to the account of the Secretary of State in Council, and also to discharge, exonerate, and indemnify the said Railway Company from all debts, obligations, and liabilities for works and expenditure undertaken with the sanction of the Secretary of State in Council, and thereupon the covenants of the Secretary of State in Council in the said Indenture of the 1st day of September 1858 as varied by the said Indenture of the 14th day of February 1860, and in the said Indentures of the 23rd day of August 1860, the 20th day of November 1861, and the 7th day of February 1863 respectively (so far as respects interest on the capital represented by shares taken in exchange for mortgages), and hereinbefore respectively contained for payment of interest shall cease, and all claims by the Secretary of State in Council on the said Railway Company shall also cease, the intention of the parties hereto for the purposes intended to be provided for by this clause, being that the said Railway Company shall under all the circumstances, receive back their capital expended with such sanction as aforesaid, and that such re-entry and assumption of possession and the exercise by the Secretary of State in Council of the powers and authorities by this clause given to him shall be the only penalty to which the said Railway Company shall be liable in case of default in raising sufficient capital for the purposes of the said Indenture of the 1st day of September 1858, as varied by the said Indenture of the 14th day of February 1860, or of these presents or in constructing and working the said railways and works to the satisfaction of the Secretary of State in Council, and this present clause shall be in substitution for the corresponding clause of the said Indenture of the 1st day of September 1858.

Repairs by the
Government
of India.

24. That if default shall be made by the said Railway Company after the said lines of railway constructed and to be constructed under the said Indenture of the 1st day of September 1858, and these presents, or any portion thereof, shall have been completed and opened for traffic, in their covenants to keep the said lines of railway and works, or such part thereof as shall have been completed and opened for traffic, in repair and condition for the space of one calendar month next after notice in writing in that behalf from the Secretary of State in Council to the said Railway Company at Madras, it shall be lawful for the Secretary of State in Council, by his agents, to enter on the said lines of railway and works, and to do and execute all such works as may be required for fulfilling the said covenants, and to charge the expenses of the same against the said Railway Company by setting off the amount of such expenses against any moneys then payable, or which shall thereafter become payable, by the Secretary of State in Council for interest under the said Indenture of the 1st day of September 1858, as varied by the said Indenture of the 14th day of February 1860, and the said Indentures of the 23rd day of August 1860, the 20th day of November 1861, and the 7th day of February 1863 respectively (so far as respects interest on the capital represented by shares taken in exchange for mortgages), and these presents, which interest shall in such case to that extent be considered as paid and satisfied by such set-off or retainer, and shall, for all the purposes of the said Indenture of the 1st day of September 1858, so varied, and of these presents respectively, be regarded and considered as interest actually paid by the Secretary of State in Council to the said Railway Company, in pursuance of their covenants in that
behalf

behalf in the said indenture, and hereinbefore respectively contained; and if such expenses shall not be satisfied by such set-off and retainer as aforesaid, then the Secretary of State in Council may set off and deduct the same against and from all or any part of any other moneys which shall on any account whatsoever be or become payable by the Secretary of State in Council to the said Railway Company; and this present clause shall be in substitution for the corresponding clause of the said Indenture of the 1st day of September 1858.

25. That in every or any case in which, under the provisions of these presents, the Secretary of State in Council shall, before the expiration of the said term of 99 years, become bound to repay the capital expended by the said Railway Company upon the said lines of railway and works, or otherwise to pay for the purchase of the said lines of railway, works, and stock, as the case may be, it shall be lawful for the Secretary of State in Council, instead of paying a gross sum of money in respect of the premises, to declare by notice to the said Railway Company in London his option to pay an annuity, to be reckoned from the time when the gross amount would be payable, and to continue during the residue of the said term of 99 years; and in that case such annuity shall be payable in London on such two half-yearly days in the year as shall be selected by the Secretary of State in Council in that behalf, with a fractional part for any broken half-year, the rate of interest which shall be used in calculating such annuity being determined by the average rate of interest during the preceding two years received in London upon public obligations of the East India Company and other public obligations issued in London by the Secretary of State in Council, and which shall be ascertained by reference to the Governor and Deputy Governor of the Bank of England for the time being: Provided always, that the aforesaid option shall not apply to the undrawn portion (if any) of the capital of the said Railway Company, which portion is to be repaid to the said Railway Company, with interest under the provision in that behalf in the said Indenture of the 1st day of September 1858, and hereinbefore respectively contained, in case the said Railway Company shall relinquish or be deprived of the said railways and works as aforesaid; and this present clause shall be in substitution for the corresponding clause of the said Indenture of the 1st day of September 1858.

Annuity commutation.

26. That if after the said railways and works constructed, and to be constructed under the said Indenture of the 1st day of September 1858, and these presents, including the telegraph if required, shall have been completed and furnished with adequate working stock, the whole of the capital raised by the said Railway Company shall not have been required for the purpose of the said capital account, the surplus thereof, shall to the extent to which the same shall have been paid into the Bank of England to the account of the Secretary of State in Council be refunded to the said Railway Company in London, with such interest as shall be due on such capital at the time, and thereupon the aforesaid covenants for payment of interest shall no longer apply to the capital which shall have been so refunded, and this present clause shall be in substitution for the corresponding clause of the said Indenture of the 1st day of September 1858.

Return of surplus.

27. That any notice, direction, requisition, appointment, certificate of opinion, approval of or sanction to be given or signified on the part of the Secretary of State in Council, for any of the purposes of the said Indenture of the 1st day of September 1858, or of these presents, shall be sufficient and binding, if signed by the Secretary of State for India, or one of the under Secretaries of State, or by the Secretary of Government at Madras, or by any other officer or servant duly authorised to act on behalf of the Secretary of State in Council in respect of the matters to which the same shall relate; and that neither the Secretary of State in Council, nor the said Railway Company shall in any case be bound in respect of the matters aforesaid, unless by some writing signed in the manner before mentioned.

Sanction of Secretary of State in Council.

28. That the said Railway Company shall keep an office of the said Railway Company at all times hereafter during the said term established at Negapatam, or at such other place or places as shall be agreed upon between the Secretary of State in Council and the said Railway Company, and the said Railway Company shall keep at the said office an authorised agent, or authorised agents, with whom the Secretary of State in Council and the Government at Madras, may

Railway Office in Negapatam, and agent.

communicate on affairs concerning the said railway, and all drafts drawn by the said agent or agents, and all receipts of and acts done by such agent or agents on behalf of the said Railway Company, or concerning the said railway works and stock, shall be binding on the said Railway Company, and every notice to be given to the said Railway Company, shall be sufficiently given if left at the said office, or personally served on such agent or agents.

Legislation in India.

29. That the Secretary of State in Council shall promote the passing by the Governor General of India in Council, of any Act or Acts which shall be necessary or convenient for enabling the said Railway Company to fulfil in India, the objects of the undertaking, according to the terms and conditions of these presents.

Certain parts of the Indenture of the 1st September 1858 superseded.

30. That the several clauses of the said Indenture of the 1st day of September 1858, for which the clauses hereinbefore contained and numbered respectively 8, 12, 14, 17, 18, 21, 22, 23, 24, 25 and 26, are hereinbefore declared to be substituted, shall be deemed to be superseded by this present contract, and in other respects, the covenants, terms, and provisions of the same Indenture, as varied by the said Indenture of the 14th day of February 1860, so far as they are capable of taking effect shall be, and remain in full force, as if this present contract had not been made.

In witness whereof, Sir Henry Conyngham Montgomery, Baronet, and Sir Proby Thomas Cautley, K.C.B., being two members of the Council of India, have hereunto set their hands and seals, and the said Railway Company have caused their common seal to be affixed the day and year first above written.

CONTRACT between the SECRETARY of STATE in Council and the CALCUTTA and SOUTH EASTERN RAILWAY COMPANY, dated 8th May 1862.

THIS INDENTURE made the 8th day of May 1862, between the SECRETARY of STATE in Council, of the one part, and the CALCUTTA and SOUTH EASTERN RAILWAY COMPANY (Limited) of the other part:

WHEREAS the said Calcutta and South Eastern Railway Company (Limited) was registered under the provisions of, "The Joint Stock Companies' Act, 1856," for the purpose of constructing and maintaining one or more railway or railways in India, and particularly, and in the first instance, a line of railway from Calcutta to the Mutlah River, together with such works as might be deemed necessary:

And whereas by an Act of Parliament made and passed in the Session of the 20th and 21st years of the reign of Her Majesty, and intituled, "An Act for Conferring upon the Calcutta and South Eastern Railway Company certain Powers," the said Railway Company were authorised from time to time to negotiate for, enter into, and conclude with the East India Company, and carry into effect contracts, agreements, and arrangements with respect to the matters and purposes therein mentioned, and generally for effecting all such purposes, acts, matters, and things incidental to or connected with the undertaking of the Company, or to or with any such contract, agreement, or arrangement, or the objects or execution thereof, as might be agreed upon between the Company and the East India Company:

And whereas under the provisions of the Act passed in the 21st and 22nd years of Her Majesty, intituled "An Act for the better Government of India" (save as otherwise provided by the said Act), one of Her Majesty's principal Secretaries of State has and may perform all such and the like powers and duties relating to the Government or revenues of India as might or should have been exercised or performed by the East India Company, and the Secretary of State in Council, with the concurrence of a majority of votes at a meeting of the Council of India, has full power to enter into any contracts whatsoever as may be thought fit for the purposes of that Act, and all liabilities contracted or to be contracted

contracted on account of the Government of India are charged and chargeable on the revenues of India :

And whereas by an Indenture bearing date the 15th day of March 1859, and made between the Right Honourable Edward Henry Stanley, commonly called Lord Stanley, one of Her Majesty's principal Secretaries of State, Sir Frederick Currie, Baronet, Vice-President of the Council of India, and divers persons therein named, members of the Council of India, of the one part, and the said Railway Company of the other part, it was, amongst other things, agreed that the said Railway Company should construct and open a line of railway, to commence at or near to Calcutta, and to proceed to some part on the Mutlah River, at an estimated cost, in the whole to be approved of by the Secretary of State in Council, and that the said Railway Company should pay into the Bank of England, to the account of the Secretary of State in Council of India, the sum of 250,000 £., and such further sums (if any) as might be required for the purposes of the said line of railway, in such manner as in the said Indenture mentioned, to be from time to time drawn out for the purposes of the work, and that the Secretary of State in Council should pay out of the revenues of India to the said Railway Company, on the 30th day of June and the 31st day of December in every year, during the term of 99 years from the date of the said Indenture, determinable by surrender or purchase of the said railway and works as in the said Indenture mentioned, interest at the rate of 5 £. per centum per annum on moneys paid into the Bank of England in respect of the said sum of 250,000 £. as aforesaid, and at such rate as might be agreed upon on any further moneys to be raised for the purposes of the said line of railway. And in the said Indenture was contained a provision that the net receipts of the said railway in any half-year should be applied, in the first instance, in discharge of the interest payable by the Secretary of State in Council as aforesaid in respect of such half-year, so as to exonerate the Secretary of State in Council from the same, so far as the same net receipts should extend, and that the residue, if any, of such net receipts should be applied as follows, viz. : One moiety thereof should be applied in payment of such sums as should at any previous times have been paid by the Secretary of State in Council to the said Railway Company by way of interest as aforesaid, together with simple interest thereon, at such rate as therein mentioned, from the times of payment respectively. And that the other moiety of the said surplus receipts should be applied for the use and benefit of the said Railway Company :

And whereas the said Railway Company have issued shares for the said sum of 250,000 £., and have raised and paid nearly the whole of such sum into the Bank of England, to the account of the Secretary of State in Council :

And whereas by a resolution passed at a general meeting of the said Railway Company, held on the 18th day of November 1861, the said shares were consolidated into stock :

And whereas in the month of February 1861, it was calculated that an additional sum of 50,000 £. would be required in order to complete the said line of railway. And it was agreed between the Secretary of State in Council and the said Railway Company, that the said Railway Company should raise such sum of 50,000 £. on loan, and should create and issue debentures in respect thereof. And that the Secretary of State in Council should guarantee the payment of the principal moneys secured by the debentures and of the interest thereon, in manner hereinafter mentioned :

And whereas the said Railway Company have raised the said sum of 50,000 £., and created and issued debentures in respect thereof, and such sum has been paid into the Bank of England to the account of the Secretary of State in Council :

And whereas each debenture so issued was in the form approved of by the Secretary of State in Council, and contained an obligation on the part of the said Railway Company for payment of the principal sum named in the debenture on the 1st day of January 1866, and for payment, in the meantime, of interest thereon at the rate of 5 £. per cent. per annum, by half-yearly payments, on the 1st day of July and the 1st day of January in each year, at the London and County Bank, Lombard-street; and by each debenture was given an option to the holder thereof to exchange the same for a proportionate sum in shares of the Company, upon which interest at the rate of 5 £. per cent. per annum was guaran-

ted by the Secretary of State in Council, on giving such notice as therein mentioned :

And whereas a further sum of 40,000 *l.* being required for the completion of the said railway, it was lately agreed between the Secretary of State in Council and the said Railway Company, that such further sum should be raised by the said Railway Company, in the same manner and upon similar terms as the said sum of 50,000 *l.* was so raised as aforesaid :

And whereas the said Railway Company have accordingly raised the said further sum of 40,000 *l.*, and created and issued debentures in respect thereof; and such sum has been paid into the Bank of England, to the account of the Secretary of State in Council :

And whereas the terms on which the said last-mentioned debentures have been issued are similar in all respects to those on which the former debentures were issued, except that the time fixed for the payment of the principal is the 1st day of January 1867, and that the option given to the holders thereof is for the exchange of such debentures into stock, in lieu of shares of the Company :

And whereas the covenants hereinafter contained, on the part of the Secretary of State in Council, are entered into with the concurrence of a majority of votes at a meeting of the Council :

NOW, THIS INDENTURE WITNESSETH, that, in pursuance of the said agreements, and in consideration of the premises, the Secretary of State in Council doth hereby (so far as the covenants and agreements hereinafter contained are to be observed and performed, on the part of the Secretary of State in Council, for the time being) covenant with the said Calcutta and South Eastern Railway Company (Limited), and their successors : And the said Calcutta and South Eastern Railway Company (Limited) do hereby for themselves and their successors (so far as the covenants and agreements hereinafter contained are to be observed and performed by them) covenant with the Secretary of State in Council in manner following (that is to say) :—

1. That the Secretary of State in Council shall and will as often as and when the interest at the rate of 5 *l.* per cent. per annum, in respect of such of the debentures representing the said several sums of 50,000 *l.* and 40,000 *l.* respectively, or any part thereof respectively, as shall not previously to the time of payment of interest have been exchanged for shares or stock, according to the terms of the debentures respectively shall become due, duly pay out of the revenues of India into the London and County Bank, Lombard-street, or other the bankers for the time being of the said Company, to an account to be called "The Calcutta and South Eastern Railway Debenture Account," the aggregate amount of such interest as a fund to meet and provide for the payment of such interest. And shall and will on the day preceding the day on which the principal sums secured by the said debentures respectively become due and payable, that is to say, on the 31st day of December 1865, and on the 31st day of December 1866, respectively, duly pay out of the revenues of India to the same account, the amount of the principal sums payable on such of the said debentures respectively as shall not previously to such days respectively have been exchanged or delivered up, in order to be exchanged for shares or stock, as the case may be, as a fund to meet and provide for the payment of such principal sums, according to the terms of such debentures respectively, and the moneys so to be paid to the said account shall be applied to the payment of such interest and principal accordingly. And that, notwithstanding anything contained in the said debentures, the said Calcutta and South Eastern Railway Company (Limited) shall not be subject or liable to any action or suit at law, or in equity, upon, or by virtue of such debentures, but that the Secretary of State in Council shall and will at all times hereafter (the costs and charges being defrayed out of the revenues of India) well and sufficiently protect, save harmless, and keep indemnified, the said Calcutta and South Eastern Railway Company (Limited) and their lands, tenements, goods, chattels and effects whatsoever, of, from, and against, all actions, suits, losses, costs, charges, damages and expenses whatsoever, which they shall or may suffer, sustain, expend, or be put unto, or which shall or may be commenced, instituted, sued, or prosecuted against them, by reason, or in consequence of the said debentures respectively, or any of them.

2. That upon the holder of any of the said debentures respectively availing
self

himself of the option given to him under the terms of his debenture, and exchanging such debenture for shares or capital stock of the Company, as the case may be, to the same amount, the nominal amount of such shares shall be deemed to be part of the capital of the Company, and the Secretary of State in Council shall during the then residue of the said determinable term of 99 years, from the 15th day of March, 1859, pay out of the revenues of India to the said Railway Company in London half-yearly, on the 30th day of June, and the 31st day of December in every year, interest at the rate of 5 l. per cent. per annum, on the capital sum represented by the debentures which shall have been so exchanged, such interest being considered in the first instance as running from the last day on which interest shall have become payable on the same debentures previously to the exchange thereof for shares or stock.

3. That the sums hereinbefore agreed to be paid by the Secretary of State in Council for interest as aforesaid, shall be in satisfaction of all interest which under the said Indenture of the 15th day of March 1859, would or might become payable in respect of the principal moneys raised by the said debentures, and paid into the Bank of England to the credit of the account of the Secretary of State in Council of India as aforesaid.

4. That the provision contained in the said Indenture of the 15th day of March 1859, concerning the application of the half-yearly net receipts of the said railway in payment of the interest therein mentioned, so as to exonerate the Secretary of State in Council from the same, and concerning the application of one-half of the surplus of such net receipts in the repayment of any sums previously paid for interest, with simple interest on such sums at the rate of five per cent. per annum, shall apply to the interest hereinbefore agreed to be paid as aforesaid.

5. That all moneys which under the covenant hereinbefore in that behalf contained shall have been paid by the Secretary of State in Council in satisfaction of the principal moneys secured by such of the said debentures respectively as shall not be exchanged for shares or stock, shall be treated and considered as capital contributed by the Secretary of State in Council out of the revenues of India to the joint stock of the Calcutta and South Eastern Railway Company (Limited); and in order to give full effect to the rights of the Secretary of State in Council in respect of the capital so contributed, the Secretary of State in Council shall be at liberty at any time to name a person or persons into whose name or names, as trustee or trustees for Her Majesty on account of the Government of India, an equivalent number of shares or amount of stock may be placed and registered, and thereupon such shares or stock shall be so entered and registered accordingly.

6. That the nominal amount of the capital so constituted by the Secretary of State in Council as aforesaid shall be deemed to have been paid by the said Railway Company into the Bank of England on the day on which the principal of the debentures not so converted into shares or stock of the Company as aforesaid shall have become payable, and the Secretary of State in Council shall thenceforth during the residue of the said determinable term of 99 years pay to the said Railway Company in London, half-yearly, on 30th day of June and the 31st day of December in every year, interest at the rate of 5 l. per cent. per annum on the nominal amount of the said shares or stock from the time when the said nominal amount shall be so deemed to have been paid into the Bank of England as aforesaid; and the provisions referred to in the 4th clause hereof shall apply to the interest so paid, and the nominal amount of such shares shall for all purposes be deemed to be part of the capital of the Company.

7th. That subject to the provisions herein contained, the covenants and provisions of the said Indenture of the 15th day of March 1859, so far as the same are now subsisting and capable of taking effect, shall be and remain in full force and virtue and shall apply to payments to be made and matters to be done in pursuance hereof, so far as is not inconsistent herewith.

In witness whereof, Colonel William Erskine Baker and Elliot Macnaghten, Esquire, being two members of the Council of India, have hereunto set their hands and seals, and the said Railway Company have caused their common seal to be affixed the day and year first above written.

CONTRACT between the SECRETARY of STATE in Council and the CALCUTTA and SOUTH EASTERN RAILWAY COMPANY, dated 16th June 1863.

THIS INDENTURE made the 16th day of June 1863, between the SECRETARY of STATE in Council of the one part and the CALCUTTA and SOUTH EASTERN RAILWAY COMPANY (Limited) of the other part.

WHEREAS the said Calcutta and South Eastern Railway Company (Limited) was registered under the provisions of "The Joint Stock Companies Act, 1856," for the purpose of constructing and maintaining one or more railway or railways in India, and particularly, and in the first instance, a line of railway from Calcutta to the Mutlah River, together with such works as might be deemed necessary :

And whereas by an Act of Parliament made and passed in the session of the 20th and 21st years of the reign of Her Majesty and intituled, "An Act for conferring upon the Calcutta and South Eastern Railway Company certain powers," the said Railway Company were authorised from time to time to negotiate for, enter into, and conclude with the East India Company, and carry into effect contracts, agreements, and arrangements with respect to the matters and purposes therein mentioned, and generally for effecting all such purposes, acts, matters, and things incidental to or connected with the undertaking of the Company, or to or with any such contract, agreement, or arrangement, or the objects and execution thereof as might be agreed upon between the Company and the East India Company :

And whereas under the provisions of the Act passed in the 21st and 22nd years of Her Majesty, intituled, "An Act for the better Government of India" (save as otherwise provided by the said Act) one of Her Majesty's principal Secretaries of State has and may perform all such and the like powers and duties relating to the Government or revenues of India, as might or should have been exercised or performed by the East India Company and the Secretary of State in Council, with the concurrence of a majority of votes at a meeting of the Council of India, has full power to enter into any contracts whatsoever as may be thought fit for the purposes of that Act, and all liabilities contracted or to be contracted on account of the Government of India are charged and chargeable on the revenues of India :

And whereas by an Indenture bearing date the 15th day of March 1859, and made between the Right Honourable Edward Henry Stanley, commonly called Lord Stanley, one of Her Majesty's principal Secretaries of State, Sir Frederic Currie, Baronet, Vice President of the Council of India and divers persons therein named, members of the Council of India of the one part and the said Railway Company of the other part. It was, amongst other things, agreed that the said Railway Company should construct and open a line of railway to commence at or near to Calcutta, and to proceed to some point on the Mutlah River at an estimated cost in the whole to be approved of by the Secretary of State in Council, and that the said Railway Company should pay into the Bank of England to the account of the Secretary of State in Council of India the sum of 250,000 £, and such further sums (if any) as might be required for the purposes of the said line of railway in such manner as in the said Indenture mentioned to be from time to time drawn out for the purposes of the work, and that the Secretary of State in Council should pay out of the revenues of India to the said Railway Company on the 30th day of June and the 31st day of December in every year during the term of 99 years from the date of the said Indenture, determinable by surrender or purchase of the said railway and works as in the said Indenture mentioned, interest at the rate of 5 £. per centum per annum on moneys paid into the Bank of England in respect of the said sum of 250,000 £. as aforesaid, and at such rate as might be agreed upon on any further sums to be raised for the purposes of the said line of railway; and in the said Indenture were contained various other clauses and provisions not necessary to be here recited :

And whereas the said Railway Company have issued shares for the said sum of 250,000 £., and have raised and paid nearly the whole of such sum into the Bank of England to the account of the Secretary of State in Council :

And whereas moneys being required in addition to the said sum of 250,000 £. for

for proceeding with the construction of the said line of railway, the said Railway Company with the sanction of the Secretary of State in Council raised the sum of 50,000 £, and subsequently a further sum of 40,000 £. (making together the sum of 90,000 £.) on loan upon debentures of the said Railway Company bearing interest at the rate of 5 *l.* per cent. per annum, the principal moneys and interest being guaranteed, and payable by the Secretary of State in Council under the provisions of an Indenture, bearing date the 8th day of May 1862, and made between the Secretary of State in Council of the one part, and the said Railway Company of the other part :

And whereas further moneys being required in addition to the said sums of 250,000 £., 60,000 £., and 40,000 £., for the purposes of the said line of railway, the Secretary of State in Council, with the concurrence of a majority of votes at a meeting of the council has agreed to pay interest at the rate of 5 *l.* per cent. per annum during the said determinable term of 99 years on the several further sums of 36,000 £., and 24,000 £., making together the sum of 60,000 £., to be provided by the said Railway Company, under, and subject to the stipulations and agreements contained in the hereinbefore recited Indenture of the 15th day of March 1859, in addition to the said sum of 250,000 £. therein mentioned :

And whereas the said Railway Company have already paid into the Bank of England to the credit of the Secretary of State in Council the whole of the said sum of 60,000 £. :

Now THIS INDENTURE WITNESSETH that in consideration of the premises, the Secretary of State in Council, doth hereby (so far as the covenants and agreements hereinafter contained are to be observed, and performed on the part of the Secretary of State in Council for the time being) covenant with the said Calcutta and South Eastern Railway Company (Limited) and their successors. And the said Calcutta and South Eastern Railway Company (Limited) do hereby for themselves and their successors (so far as the covenants and agreements hereinafter contained are to be observed, and performed by them) covenant with the Secretary of State in Council in manner following (that is to say):—

1. That in addition to the interest payable under the said Indenture of the 15th day of March 1859 on the said sum of 250,000 £., and in addition also to the interest payable under the said Indenture of the 8th day of May 1862, upon the said sums of 50,000 £., and 40,000 £. (making together the said sum of 90,000 £.) there shall from time to time during the residue for the time being of the said determinable term of 99 years be paid out of the revenues of India to the said Railway Company in London half-yearly by equal payments on the 30th day of June, and the 31st day of December in every year, interest at the rate of 5 *l.* per centum per annum on the said capital sum of 60,000 £., or on such parts thereof as shall for the time being have been paid into the Bank of England, to the account of the Secretary of State in Council, such interest being considered in the first instance as running from the day on which the same shall have been so paid.

2. That the several clauses, stipulations, and provisions of the said Indenture of the 15th day of March 1859 shall remain in full force and effect, and shall apply and take effect with respect to the said sum of 60,000 £. and the interest thereon in the same manner as if throughout the said Indenture of the 15th day of March 1859 the sum of 310,000 £., being the amount of the said two several sums of 250,000 £. and 60,000 £. had been inserted in the place or stead of the said sum of 250,000 £.

In witness whereof Elliot Macnaghten, Esquire, and Sir Proby Thomas Cautley, K.C.B., being two members of the Council of India, have hereunto set their hands and seals, and the said Railway Company have caused their common seal to be affixed, the day and year first above written.

CONTRACT between the SECRETARY of STATE in Council and the CALCUTTA and SOUTH EASTERN RAILWAY COMPANY, dated 3rd August 1865.

THIS INDENTURE made the 3rd day of August 1865, between the SECRETARY of STATE in Council of the one part, and the CALCUTTA and SOUTH EASTERN RAILWAY COMPANY (Limited) of the other part.

WHEREAS the said Calcutta and South Eastern Railway Company (Limited) was registered under the provisions of "The Joint Stock Companies Act, 1856," for the purpose of constructing and maintaining one or more railway or railways in India, and particularly, and in the first instance, a line of railway from Calcutta to the Mutlah River, together with such works as might be deemed necessary :

And whereas, by an Act of Parliament made and passed in the Session of the 20th and 21st years of the reign of Her Majesty, and intituled "An Act for conferring upon the Calcutta and South Eastern Railway Company certain Powers," the said Railway Company were authorised from time to time to negotiate for, enter into, and conclude with the East India Company, and carry into effect contracts, agreements, and arrangements with respect to the matters and purposes therein mentioned, and generally for effecting all such purposes, acts, matters, and things incidental to or connected with the undertaking of the Company, or to or with any such contract, agreement, or arrangement, or the objects or execution thereof, as might be agreed upon between the Company and the East India Company :

And whereas, under the provisions of the Act passed in the 21st and 22nd years of Her Majesty, intituled "An Act for the better Government of India," (save as otherwise provided by the said Act), one of Her Majesty's principal Secretaries of State has and may perform all such and the like powers and duties relating to the Government or revenues of India, as might or should have been exercised or performed by the East India Company, and the Secretary of State in Council with the concurrence of a majority of votes at a meeting of the Council of India, has full power to enter into any contracts whatsoever as may be thought fit for the purposes of that Act, and all liabilities contracted or to be contracted on account of the Government of India are charged and chargeable on the revenues of India :

And whereas, by an Indenture bearing date the 15th day of March 1859, and made between the Right Honourable Edward Henry Stanley, commonly called Lord Stanley, one of Her Majesty's principal Secretaries of State, Sir Frederick Currie, Baronet, Vice President of the Council of India, and divers persons therein named members of the Council of India of the one part, and the said Railway Company of the other part, it was, amongst other things, agreed that the said Railway Company should construct and open a line of railway to commence at or near to Calcutta, and to proceed to some point on the Mutlah River, at an estimated cost in the whole to be approved of by the Secretary of State in Council, and that the said Railway Company should pay into the Bank of England to the account of the Secretary of State in Council of India the sum of 250,000 £, and such further sums (if any) as might be required for the purposes of the said line of railway in such manner as in the said Indenture mentioned to be from time to time drawn out for the purposes of the work, and that the Secretary of State in Council should pay out of the revenues of India to the said Railway Company on the 30th day of June and the 31st day of December, in every year during the term of 99 years, from the date of the said Indenture, determinable by surrender or purchase of the said railway and works as in the said Indenture mentioned, interest at the rate of 5 £ per centum per annum on moneys paid into the Bank of England, in respect of the said sum of 250,000 £ as aforesaid, and at such rate as might be agreed upon on any further sums to be raised for the purposes of the said line of railway: and in the said Indenture was contained a provision that the net receipts of the said railway in any half-year should be applied, in the first instance, in discharge of the interest payable by the Secretary of State in Council as aforesaid in respect of such half-year, so as to exonerate the Secretary of State in Council from the same so far as the same net receipts should extend, and that the residue (if any) of such net receipts should be applied

as follows, viz. : one moiety thereof should be applied in payment of such sums as should at any previous times have been paid by the Secretary of State in Council to the said Railway Company by way of interest as aforesaid, together with simple interest thereon, at such rate as therein mentioned, from the times of payment respectively, and that the other moiety of the said surplus receipts should be applied for the use and benefit of the said Railway Company :

And whereas the said Railway Company have issued shares for the said sum of 250,000 £., and have raised and paid nearly the whole of such sum into the Bank of England to the account of the Secretary of State in Council :

And whereas by a resolution passed at a general meeting of the said Railway Company, held on the 18th day of November 1861, the said shares were consolidated into stock :

And whereas moneys being required in addition to the said sum of 250,000 £. for proceeding with the construction of the said line of railway, the said Railway Company, with the sanction of the Secretary of State in Council, raised the sum of 50,000 £., and, subsequently, a further sum of 40,000 £. (making together the sum of 90,000 £.) on loan upon debentures of the said Railway Company, bearing interest at the rate of 5 £. per cent. per annum, the principal moneys and interest being guaranteed and payable by the Secretary of State in Council under the provisions of an Indenture bearing date the 8th day of May 1862, and made between the Secretary of State in Council of the one part and the said Railway Company of the other part :

And whereas the said Railway Company, with the sanction of the Secretary of State in Council, raised the further sum of 60,000 £. under and subject to the stipulations and agreements contained in the hereinbefore recited Indenture of the 15th day of March 1859, in addition to the said sum of 250,000 £. therein mentioned ; and by an Indenture bearing date the 16th day of June 1863, and made between the Secretary of State in Council of the one part and the said Railway Company of the other part, it was agreed that interest at the rate of five per cent. per annum on the said sum of 60,000 £. should be paid out of the revenues of India to the said Railway Company during the residue of the said determinable term of 99 years :

And whereas a further sum of 100,000 £. being required in order to complete the said line of railway, it was agreed between the Secretary of State in Council and the said Railway Company, in the month of December last, that the said Railway Company should raise such sum of 100,000 £. on loan, and should create and issue debentures in respect thereof, and that the Secretary of State in Council should guarantee the payment of the principal moneys secured by the debentures and of the interest thereon, in manner hereinafter mentioned :

And whereas the said Railway Company have raised the said sum of 100,000 £., and created and issued debentures in respect thereof, and such sum has been paid into the Bank of England to the account of the Secretary of State in Council :

And whereas each debenture so issued was in the form approved of by the Secretary of State in Council, and contained an obligation on the part of the said Railway Company for payment of the principal sum named in the debenture on the 1st day of January 1870, and for payment in the meantime of interest thereon at the rate of 5 £. per cent. per annum, on the 1st day of July and the 1st day of January in each year, at the London and County Bank, Lombard-street, or other the bankers for the time being of the said Railway Company, and by each debenture was given to the proprietor thereof the option to have the time of the repayment of the principal sum postponed until the 1st day of January 1875, and to receive interest in the meantime at the rate of 5 £. per cent. per annum ; and also the further option to exchange the debenture for a proportionate amount of capital stock of the capital of the Company, upon which interest at the rate of 5 £. per cent. per annum was guaranteed by the Secretary of State in Council on giving such notice as therein mentioned :

NOW THIS INDENTURE WITNESSETH, that in pursuance of the said agreement, and in consideration of the premises, the Secretary of State in Council doth hereby (so far as the covenants and agreements hereinafter contained are to be observed and performed on the part of the Secretary of State in Council for the time being), covenant with the said Calcutta and South Eastern Railway Company (Limited) and their successors ; and the said Calcutta and South Eastern

Railway Company (Limited) do hereby, for themselves and their successors (so far as the covenants and agreements hereinafter contained are to be observed and performed by them), covenant with the Secretary of State in Council in manner following (that is to say):—

1. That the Secretary of State in Council shall and will as often as and when the interest at the rate of 5*l.* per cent. per annum in respect of such of the debentures representing the said sum of 100,000 *l.*, or any part thereof, as shall not, previously to the time of payment of interest, have been exchanged for stock according to the terms of the said debentures shall become due, duly pay out of the revenues of India into the London and County Bank, Lombard-street, or other the bankers for the time being of the said Company, to an account called "The Calcutta and South Eastern Railway Debenture Account," the aggregate amount of such interest as a fund to meet and provide for the payment of such interest, and shall and will on the 31st day of December 1869, being the day preceding the day named in the said debentures for the payment of the principal sums thereby secured, duly pay out of the revenues of India to the same account the amount of the principal sums payable on such of the said debentures as shall not previously to such day have been renewed so as to postpone the time of payment, or have been exchanged or delivered up in order to be exchanged for stock, as a fund to meet and provide for the payment of such principal sums; and shall and will on the 31st day of December 1874, being the day preceding the day named in the said debentures for the payment of the principal sums thereby secured, in case such payment shall be postponed according to the terms of such debentures, duly pay out of the revenues of India to the same account, the amount of the principal sums payable on such of the said debentures as shall have been renewed as aforesaid, and shall not previously to such last-mentioned day have been exchanged for stock as a fund to meet and provide for the payment of the said last-mentioned principal sums, and the moneys to be paid to the said account under the terms of this clause shall be applied to the payment of the interest and principal accordingly; and that notwithstanding anything contained in the said debentures the said Calcutta and South Eastern Railway Company (Limited) shall not be subject or liable to any action or suit at law or in equity, upon or by virtue of such debentures, but that the Secretary of State in Council shall and will at all times hereafter (the costs and charges being defrayed out of the revenues of India), well and sufficiently protect, save harmless, and keep indemnified, the said Calcutta and South Eastern Railway Company (Limited) and their lands, tenements, goods, chattels, and effects whatsoever, of, from, and against all actions, suits, losses, costs, charges, damages and expenses whatsoever which they shall or may suffer, sustain, expend, or be put unto, or which shall or may be commenced, instituted, sued or prosecuted against them, by reason or in consequence of the said debentures, or any of them.

2. That upon the proprietor of any of the said debentures availing himself of the option given to him under the terms of his debenture, and exchanging such debenture for capital stock of the Company to the same amount, the nominal amount of such stock shall be deemed to be part of the capital of the Company, and the Secretary of State in Council shall, during the then residue of the said determinable term of 99 years from the 15th day of March 1859, pay out of the revenues of India to the said Railway Company in London half-yearly on the 30th day of June and the 31st day of December in every year, interest at the rate of five per cent. per annum on the capital sum represented by the debentures which shall have been so exchanged, such interest being considered in the first instance as running from the last day on which interest shall have become payable on the same debentures previously to the exchange thereof for stock.

3. That the sums hereinbefore agreed to be paid by the Secretary of State in Council for interest as aforesaid, shall be in satisfaction of all interest which under the said Indenture of the 15th day of March 1859 would or might become payable in respect of the principal moneys raised by the said debentures and paid into the Bank of England to the credit of the account of the Secretary of State in Council of India as aforesaid.

4. That the provision contained in the said Indenture of the 15th day of March 1859, concerning the application of the half-yearly net receipts of the said railway in payment of the interest therein mentioned, so as to exonerate the Secretary of State in Council from the same, and concerning the application of one-half-

half of the surplus of such net receipts in the repayment of any sums previously paid for interest, with simple interest on such sums, at the rate of 5 l. per cent. per annum. shall apply to the interest hereinbefore agreed to be paid as aforesaid.

5. That all moneys which under the covenant hereinbefore in that behalf contained shall have been paid by the Secretary of State in Council in satisfaction of the principal moneys secured by such of the said debentures as shall not be exchanged for stock, shall be treated and considered as capital contributed by the Secretary of State in Council out of the revenues of India to the joint stock of the Calcutta and South Eastern Railway Company (Limited); and in order to give full effect to the rights of the Secretary of State in Council in respect of the capital so contributed, the Secretary of State in Council shall be at liberty at any time to name a person or persons into whose name or names as trustee or trustees for Her Majesty on account of the Government of India, an equivalent amount of stock may be placed and registered, and thereupon such stock shall be so placed and registered accordingly.

6. That the nominal amount of the capital so contributed by the Secretary of State in Council as aforesaid, shall be deemed to have been paid by the said Railway Company into the Bank of England on the day on which the principal of the debentures not converted into stock of the Company as aforesaid shall have become payable; and the Secretary of State in Council shall thenceforth during the residue of the said determinable term of 99 years, pay to the said Railway Company in London half-yearly, on the 30th day of June and the 31st day of December in every year, interest at the rate of 5 l. per cent. per annum on the nominal amount of the said stock from the time when the said nominal amount shall be so deemed to have been paid into the Bank of England as aforesaid, and the provision referred to in the fourth clause hereof, shall apply to the interest so paid, and the nominal amount of such stock shall for all purposes be deemed to be part of the capital of the Company.

7. That the covenants and provisions of the said Indenture of the 15th day of March 1859 shall remain in full force, and shall apply to payments to be made and matters to be done in pursuance of these presents, so far as is not inconsistent herewith.

In Witness whereof Sir Proby Thomas Cautley, K.C.B., and Colonel William Erskine Baker being two members of the Council of India, have hereunto set their hands and seals, and the said Railway Company have caused their common seal to be affixed the day and year first above written.

CONTRACT between the SECRETARY of STATE in Council and the INDIAN BRANCH RAILWAY COMPANY,* dated 2nd August 1867.

THIS INDENTURE, made this 2nd day of August 1867, between the SECRETARY of STATE in Council of the one part, and the INDIAN BRANCH RAILWAY COMPANY "Limited" (hereinafter called "the Company"), of the other part.

WHEREAS the Company was registered under the provisions of the Joint Stock Companies Act, 1856, for the purpose of constructing, working, and maintaining railways in India, and is empowered from time to time to enter into and conclude with the Secretary of State in Council such contracts, agreements, and arrangements as the respective parties may think fit and agree upon for making any railway or railways in India, and any telegraphs connected therewith, and for maintaining and working the same: And whereas the Secretary of State in Council, considering the great advantage resulting from the construction of railways in India, lately agreed to co-operate with the Company in the construction, in the manner and upon the terms and conditions hereinafter contained, of the

* This company, subsequent to the date of the contract, changed its name to that of the "Oudh and Rohilkund Railway Company."

CONTRACTS AND AGREEMENTS RELATING TO

the following lines of railway (that is to say) a main line of railway from Buxar, on the East India Railway, to Mooradabad, or such other point in Rohilcund as might be determined upon, with branches to Benares; and to Cawnpore, and to Byram Ghát, and to Fyzabad, and to the foot of the hills near Nynsee Tal, in the Provinces of Oude and Rohilcund, in all about 672 miles; and it was part of the terms of the said agreement that the Secretary of State in Council should guarantee, during the term of 999 years hereinafter agreed to be granted, interest at the rate of 5 *l.* per cent. per annum upon the sum of 4,000,000 *l.* (being the capital which it had been approximately estimated might be required for the construction of the said railways), upon 100,000 shares of 10 *l.* each in the Company, representing one-fourth of the said sum of 4,000,000 *l.* being subscribed for, and upon a deposit of 2 *l.* 10 *s.*, being 25 per cent. of the amount of each of such shares, being paid by the Company into the Bank of England, to the credit of the Secretary of State in Council.

And whereas 100,000 shares of 10 *l.* each in the Company were, previously to the 31st day of December 1866, subscribed for, upon each of which shares 2 *l.* 10 *s.* were paid, the money so paid amounting in the aggregate to 250,000 *l.*: And whereas the lastly-mentioned sum was not paid into the Bank of England to the credit of the Secretary of State in Council, but that sum, and also other sums raised by the Company, were expended by the Company previously to the last-mentioned day for the purposes of their undertaking, and it was agreed that the whole amount of the moneys so raised and expended should, for the purposes of these presents, be taken to have been on the last-mentioned day the sum of 350,388 *l.* 9 *s.* 3 *d.*, and that the Secretary of State in Council should not require the Company to pay any deposit into the Bank of England to his credit in manner hereinbefore mentioned, but should guarantee interest on the said sum of 350,388 *l.* 9 *s.* 3 *d.*, and also on the sum of 3,649,611 *l.* 10 *s.* 9 *d.* (the said sums making together the said estimated capital of 4,000,000 *l.*) in manner hereinafter mentioned: And whereas the word "railway" hereinafter used is intended to mean and include all the branch lines of railway, as well as the main line of railway hereinbefore respectively mentioned:

NOW, THIS INDENTURE WITNESSETH that, in consideration of the premises, the company do hereby, for themselves and their successors (so far as the covenants and agreements hereinafter contained are to be observed and performed by them), covenant with the Secretary of State in Council, and the Secretary of State in Council doth hereby, for himself (so far as the covenants and agreements hereinafter contained are to be observed and performed by the Secretary of State in Council) covenant with the Company and their successors in manner following; (that is to say):—

Survey, estimate,
and selection of
line.

1. That the Company will, at their expense, in addition to the surveys and estimates they have already made for the said railway, make such further surveys, and frame such further estimates as the Secretary of State in Council may think necessary, and require to enable him to ascertain with more particularity the probable cost of the said railway, and that such further surveys shall be conducted, and further estimates framed under such supervision, and in such manner in all respects as the Secretary of State in Council shall direct; and if, upon such further surveys being made and further estimates completed, the Secretary of State in Council shall consider it undesirable to co-operate further in the construction of the said railway, it shall be lawful for him to terminate this contract upon his paying the expenses of all the surveys and estimates, and returning to the Company all moneys (if any) which may have been paid by them to him, with interest on such moneys at the rate of five per cent. per annum. And in case this contract shall be so terminated, all the said surveys and estimates shall belong to Her Majesty, for the purposes of the Government of India; but if, upon such further surveys being made and estimates completed, the Secretary of State in Council shall consider it desirable to co-operate in the construction of the said railway, it shall be lawful for him to determine, fix upon, and select the route and direction of the same, and such selected line of railway, of an estimated cost to be approved of by the Secretary of State in Council, shall be completed by the Company, and opened for the conveyance of passengers and goods, with all practicable speed.

Notice of line.

2. That the Secretary of State in Council shall give notice to the Company of the line when so selected as aforesaid, or of any part or parts thereof, as such
part

part or parts shall from time to time be fixed upon; and it shall be lawful for the Secretary of State in Council from time to time to alter the said route or direction, or to extend or limit the same, as he shall think fit, after such notice as aforesaid; provided always, that if such alteration of route or direction shall be made after the said railway shall have been commenced in a previously selected route or direction, the expense of the said railway, or in anyway incident to the said alteration, shall be considered as properly incurred by the Company.

3. That the Secretary of State in Council shall, after the selection of the route and direction of the said railway, or of any part or parts thereof, and from time to time as may be necessary, provide the land which shall be required for the said railway, or for the part or parts thereof so selected, and the works connected therewith, and for proper stations, offices, warehouses, and such other conveniences for the same as the Secretary of State in Council may determine to be necessary or desirable, and shall give to the said Railway Company possession thereof, and that all land of which possession shall be so given to the Company which shall not be permanently required for the purposes of the Company, shall, as soon as practicable, be restored and delivered up by the Company to the Government of India, for the use of Her Majesty, Her heirs and successors, for the purposes of the Government of India. Land.

4. That the Company shall, on receiving possession of the said land, or any part thereof, forthwith, and subject to the supervision and control hereinafter prescribed, commence and proceed with diligence in the construction of the said railway, and of all such stations, offices, warehouses, fixed machinery, and other works and conveniences (including works for the defence of stations, bridges, or any other building or structure connected with the railway), as, in the opinion of the Secretary of State in Council (such opinion to be certified in writing under the hand of some officer of the Government), shall be necessary or expedient, as well with reference to the original construction of the said railway and the working thereof, as with reference to the permanent maintenance thereof, and its protection from injury or destruction by inundation, tempests, or other causes whatsoever: Provided always, that if the costs incurred in the erection of such defences shall exceed the sum for which such stations, bridges, or other buildings or structures might have been constructed as efficient defences without interfering with their purposes as railway works, such excess shall be paid by the Government, the question of such efficiency, and the amount of such excess, being determined by the Secretary of State in Council; and such railway shall be made with such gradients as the Secretary of State in Council shall in writing direct; and such railway shall be furnished with rails of such weight and strength as to render it suitable for a traffic of engines, carriages, and waggons, and other vehicles weighing respectively, when loaded, not more than $3\frac{1}{2}$ tons on each wheel, and for travelling at a speed of not more than 15 miles an hour; and such rails shall be laid down and secured in such manner, and shall consist either of a single or double line of rails, as the Secretary of State in Council shall in writing direct; and such railway shall, if required by the Secretary of State in Council, and at such time or times as he shall in writing require, be provided with an electric telegraph constructed along all or such part or parts of the said railway, and upon such principle, and under such regulations as to its use and the terms of its use as the Secretary of State in Council shall in writing direct or approve of, and the Company shall from time to time attend to, execute, and perform all such directions in writing as may from time to time be given by the Secretary of State in Council, for any deviations from, or alterations in, any directions or requisitions previously made or given with respect to the premises. And the Company shall, as soon as the said railway shall be completed for such a distance as, in the opinion of the Secretary of State in Council, shall be desirable, open the same for the conveyance of passengers and goods. Works.

5. That it shall be lawful for the Secretary of State in Council from time to time, by notice to the Company, to require any specified part or parts of the said railway to be completed as aforesaid, and to be opened for the conveyance of passengers and goods, before the remaining part or parts thereof shall be constructed, and such requisitions shall be complied with and fulfilled by the Company; and if at any time or times it shall, in the opinion of the Secretary of State in Council, be desirable that a double line of rails, or any additional

line of railway, shall be constructed, in addition to the line or lines then already constructed for the purpose of relieving the traffic on any portion of such line or lines, and for providing further accommodation, or for any other purpose, and the Secretary of State in Council shall give to the Company notice in writing to construct such additional line or lines, the Company will forthwith construct the same, on the same or similar terms to those herein provided as to the line or lines then already constructed.

Money capital.

6. That the Company shall pay into the Bank of England, to the account of the Secretary of State in Council, the sum of 3,649,611 *l.* 10 *s.* 9 *d.* sterling, being the amount of the said estimated capital of 4,000,000 *l.*, less the said sum of 350,388 *l.* 9 *s.* 3 *d.* so taken to have been expended by the Company as aforesaid, by such instalments, and at such times, as the Secretary of State in Council may require; and such payments may be made in sums of not less than 5,000 *l.* each in London, provided that, if the Company shall receive any portions of the capital already subscribed, or hereafter to be subscribed, in India, it shall be lawful for them to pay the amount so received, in sums of not less than 10,000 rupees, into the Treasury at Lucknow, in or towards satisfaction of the said instalments, and the acknowledgments of such respective payments there shall, when produced to the Secretary of State in Council in London, be considered and taken as payments on the respective days of payment thereof, in part satisfaction of the said sum of 3,649,611 *l.* 10 *s.* 9 *d.*, at the exchange of 2 *s.* for each Government rupee; provided always, that such payments into the Treasury at Lucknow shall not exceed the amounts which may from time to time be required for expenditure in India, such limit being determined upon by the Secretary of State in Council.

Drafts on capital.

7. That as often as and when any money shall be required by the company for any works or purposes which shall have been sanctioned by the Secretary of State in Council, and which are about to be executed, or in course of execution, or have already being performed to the satisfaction of the Secretary of State in Council, such moneys may be drawn in such sums as shall from time to time be necessary by the Company in London or in India, according to such arrangements as shall be made from time to time with the Secretary of State in Council for that purpose; but 10 days' notice of every such draft or proposed draft shall be given to the Secretary of State in Council, or to the Government in India, or to such authority as the Government in India may direct; and all sums of money which shall be so drawn at Lucknow shall be set off at the exchange of 2 *s.* for each Government rupee against the said sum of 4,000,000 *l.* sterling, or so much thereof as shall have been paid into the Bank of England to the account of the Secretary of State in Council as aforesaid, and the Company shall not in any case be entitled to draw in London or in India to an extent greater than the balance in their favour for the time being.

Plant, fares, and tolls.

8. That when and so soon as the said railway, or any part or parts thereof which shall have been required by the Secretary of State in Council to be completed before the construction of the other parts, shall be completed and ready to be opened for the use of the public, and so from time to time as any such part thereof shall be so completed and ready to be opened, the Company will, subject to the supervision and control hereinafter mentioned, provide, to the satisfaction of the Secretary of State in Council, a good and sufficient working stock of engines, carriages, and other plant and machinery for working the said railway, or such part or parts thereof as shall have been completed as aforesaid, and for carrying on the business and traffic of the same; and the Company will forthwith commence and carry on the business of common carriers of goods and passengers upon the said railway, and for that purpose shall cause to be run on the said railway so many trains, at such time and at such rates of speed, not exceeding 15 miles an hour, and between such places and with such conveniences and accommodations as the Secretary of State in Council shall from time to time require. And the Company will allow the use of the said railway, and telegraphs connected therewith, to the public, on such terms as shall be approved by the Secretary of State in Council, but the Company shall be empowered to charge such fares for the carriage of passengers and goods, and such tolls for the use of the said railway and telegraphs, as they shall think fit, provided such fares and tolls respectively shall never exceed a maximum rate, to be from time to time fixed for the same respectively by the Secretary of State in Council, which maximum rates respectively shall, when such net earnings as are hereinafter mentioned

mentioned shall in any year have exceeded 10 per cent. on the outlay, be reduced in accordance with any requisition of the Secretary of State in Council in that behalf, but only with a view of limiting the said fares and tolls so far as the net earnings shall not exceed 10 per cent. as aforesaid.

9. That upon completion of the said railway, or of any part or parts thereof which shall have been required by the Secretary of State in Council to be completed before the construction of the remaining part, the Secretary of State in Council shall grant to the Company a lease of, or otherwise secure to them a right and title to, the land which shall have been provided under the provisions hereinbefore contained, or of so much thereof as shall be required for the completed lines, and for the works and conveniences thereto belonging, for a term of 999 years commencing from the date of these presents, unless the same shall be sooner determined under the provisions herein contained, and the Secretary of State in Council shall guarantee to the Company the right to and possession of such land as against any claimant, but shall not be called to show any title thereto.

10. That the Company and their officers, servants, and agents, as also their accounts and affairs, shall in all things be subject to the superintendence and control of the Secretary of State in Council, as well in England as elsewhere, and, in particular, that no bye-laws, contracts, orders, directions, proceedings, works or undertakings, acts, matters, or things whatsoever shall be made, done, entered into, commenced, or prosecuted, by or on the part of the Company, unless previously sanctioned in writing by the Secretary of State in Council, or by the Executive Government in India, and that no moneys shall be raised by the Company by any other means than by calls upon, or payments in respect of, the shares in the same company, without the sanction of the Secretary of State in Council, in writing; and no extension in the number of shares in the Company, or in the amount of its capital, shall be made unless sanctioned in like manner; and that it shall be lawful for the Secretary of State in Council, from time to time, to give to the Company, their officers, servants, and agents, all such orders and directions as the Secretary of State in Council shall, from time to time, think fit, with reference to the railway and works to which this present contract relates, and with reference to the manner and times of executing the same, and with reference to any contracts, orders, and directions to be entered into, made, or given with regard thereto, and otherwise with reference to the same; all which contracts, orders, and directions shall be executed and followed by the Company, to the satisfaction of the Secretary of State in Council, the costs and expenses of the same, which shall have been allowed and sanctioned by the Secretary of State in Council, being paid out of the capital of the Company. And that, for better enabling the Secretary of State in Council to exercise the control and direction intended to be hereby secured, the Company shall record and keep in proper books for that purpose full and particular accounts of all their transactions and proceedings, including full and true minutes of all their meetings, meetings of directors, communications with India, and correspondence, so as at all times to exhibit thereby fully and truly the state of their affairs and proceedings, and that the Secretary of State in Council, and any person or persons appointed by him in that behalf, shall, at all reasonable times, have free access to all the books, accounts, papers, and documents of the Company (except communications between the Company and their legal advisers), and power to make copies of or extracts from the same, whether such books, accounts, papers, and documents relate to the said railway and works, or to any other matters and things whatsoever in which the Company shall or may be interested; and, for the purposes aforesaid, it shall be lawful for the Secretary of State in Council, from time to time, to appoint any one person, not being a shareholder in the Company, to be a director of the Company, to be called the Government director, which director, if and when appointed, shall rank as and be one of the board of directors of the Company, and be entitled in all things to act as such, and to exercise at his discretion a right of veto in all proceedings whatsoever at boards of the said directors, except proceedings for the purpose of communicating with the legal advisers of the Company, and shall not be removeable except by order of the Secretary of State in Council, and shall, in case the whole number of directors shall at the time of his appointment be filled up, come and be in the place of the director who shall retire from the direction according to the decision of the board,

Supervision. Government Director may be appointed; his powers and privileges.

such decision being taken by ballot; but such Government director shall not receive any salary from the Company: Provided always, that nothing hereinbefore contained shall authorise the Secretary of State in Council to appoint any officers or servants of the Company except such Government director as aforesaid.

Sanction of expenditure.

11. That all the expenses of the Company, in respect to the said railway, shall from time to time be stated and submitted to the Secretary of State in Council for his sanction and approval, and, as between the Company and the Secretary of State in Council, shall be allowed so far only as the same shall from time to time have been sanctioned and approved by the Secretary of State in Council: Provided always, that the last-mentioned stipulation shall not interfere with any such subsidiary agreement or agreements (if any) as from time to time may be made between the Company, and the Secretary of State in Council for the performance of any part or parts of the said railway and works at any sum or sums of money to be specified in such subsidiary agreement or agreements, in which case the expenses in respect of the same shall be allowed and taken at the sum or sums which shall be so agreed upon.

Capital account.

12. That a capital account relating to the construction of the said railway, and the works, conveniences, and telegraphs thereto belonging, and relating to the original cost of engines, carriages, plant, and machinery provided for the purposes of the said line, to be called "The Indian Branch Railway Capital Account," shall be kept by the Company, to which account all moneys paid by the Company, the expenditure of which shall have received the sanction and approval of the Secretary of State in Council, shall from time to time be carried, and when and so soon as the said railway and works shall have been completed and furnished with the necessary rolling stock and plant, or at any earlier time or times, if the Secretary of State in Council shall so require, the said capital account shall be made up, and a statement shall be furnished to the Secretary of State in Council of the aggregate amount of capital which, according to such account, shall have been expended, and such amount shall, by examination of such account, be ascertained and certified by the Secretary of State in Council, and thenceforth and from the opening of the said line of railway, or any part thereof, the cost of maintaining it, with its machinery and stock in good working condition, shall be payable by the Company out of the revenue of the said railway, including any interest to be received from the Secretary of State in Council as hereinafter is mentioned; but upon any additions, alterations, or improvements, such as shall properly be chargeable to the capital account, being thereafter made, with the sanction and approval of the Secretary of State in Council, to, of, or in the said railway, or the works, conveniences, or telegraphs thereto belonging, or the engines, carriages, and other plant and machinery belonging thereto, the cost necessarily incurred in executing such additions, alterations, or improvements shall be added to the said capital account, and if it shall happen that any liability shall be incurred to third persons for consequential damage caused by any works executed by the Company under the sanction or authority of the Secretary of State in Council, all expenses necessarily incurred in satisfying the same shall be paid by the Company and added to the said capital account, and the said capital account shall from time to time be made up and stated afresh as occasion shall require, and be ascertained and certified accordingly.

Repair and maintenance of rolling stock.

13. That the Company shall at all times, during the said determinable term of 999 years, keep the said railway, or so much thereof as shall be completed and opened for traffic, and the works and conveniences belonging thereto, and the telegraphs on or belonging to the said railway (if any) in a state of good repair, and in good working condition, to the satisfaction of the Secretary of State in Council, and shall keep the same railway fully provided with rolling stock and plant adequate to the service thereof, to the satisfaction of the Secretary of State in Council.

Revenue account.

14. That the Company shall in all such forms and under such heads or divisions as shall be prescribed by the Secretary of State in Council, keep accounts of all receipts and payments whatsoever in respect of the said railway (other than such receipts and payments as properly belong to the capital account hereinbefore agreed to be kept), and such accounts shall be called "The Indian Branch Railway Revenue Accounts," and shall be made up half-yearly to the 30th day of June

June and the 31st day of December, both inclusive in every year, or to such other days in the year as the Secretary of State in Council shall appoint, and shall be regularly transmitted to the Secretary of State in Council, who shall be at liberty at all times in auditing the same accounts to make any corrections therein which may be necessary.

15. That all the earnings of the said railway received by or on account of the Company in India, shall be paid at such times and in such manner as the Secretary of State in Council shall direct, without any deduction under any pretence whatever, into the Treasury of the Government of India, at Lucknow, to an account to be kept separately, to be called the "The Indian Branch Railway Revenue Account," and when any money shall be required by the Company for any purposes sanctioned by the Secretary of State in Council or by the executive Government of India, such money may be drawn by the Company according to such arrangements as shall from time to time be made with the Secretary of State in Council or the Executive Government of India for that purpose, and interest at the rate of five per cent. per annum shall be allowed by the Secretary of State in Council upon the amount of such earnings so paid into the Treasury, after deducting the sums drawn out as aforesaid, and also such sums as the Secretary of State in Council or the Executive Government of India shall from time to time determine to be necessary to be kept as a balance to meet drafts for current expenditure, the account thereof being made up on the first day of each month, and such interest shall accrue to and be payable at the end of each half-year, and be regarded and dealt with as net earnings in accordance with the provisions hereinafter made.

Deposit of revenue and drafts thereon.

16. That the Secretary of State in Council shall, from time to time during the said determinable term of 999 years, pay out of the revenues of India to the Company in London half-yearly, on the 1st day of January and the 1st day of July in every year, interest at the rate of five per cent. per annum on the said sum of 350,388*l.* 9*s.* 3*d.*, and also on the said sum of 3,649,611*l.* 10*s.* 9*d.* sterling, or on such parts of the last-mentioned sum as shall for the time being have been paid into the Bank of England to the account of the Secretary of State in Council, or into a Treasury in India as aforesaid, such interest upon the said sum of 350,388*l.* 9*s.* 3*d.* being considered as running from the 1st day of January 1867, and such interest on any part of the said sum of 3,649,611*l.* 10*s.* 9*d.* being considered in the first instance as running from the day on which the same part shall have been so paid into the Bank of England, or into such treasury in India, to such account as aforesaid.

Guarantee of interest.

17. That if the expenditure of the Company in making the said railway and works, or otherwise in respect of the matters to be included in the said capital account shall exceed the said estimated sum of 4,000,000*l.*, the money necessary to meet such excess shall be raised, and paid by the Company into the Bank of England to the account of the Secretary of State in Council, and the Secretary of State in Council shall from time to time during the said determinable term of 999 years, pay out of the revenues of India to the Company half-yearly, on the days aforesaid, interest at the rate of 5*l.* per centum per annum on such part of such moneys as shall be raised by the issue of shares, and at such rate per annum as may be mutually agreed on, such part of the same moneys as shall be raised on loan, such interest in the said respective cases to be calculated from the respective times when the same moneys shall have been so paid into the Bank of England as aforesaid: Provided always, that the mode and terms in and on which any further moneys shall be raised or capital created shall in all respects be determined on and fixed by the Secretary of State in Council, and the raising, creation, and issue of such moneys and capital respectively shall be in all respects subject to his sanction, and under his superintendence and control.

Excess above.

18. That so soon as the Company shall begin to work the said railway, or any part thereof, and thenceforth during the said determinable term of 999 years, the net earnings which shall be realised during any year, or from the commencement up to the 31st of December next following, on the said line of railway, or on any part thereof, after deducting therefrom all the sums which shall have been expended in the repairs and maintenance of the said railway and works, and the repair and restoration of the rolling stock and plant belonging thereto, and in the management and conduct of the Company and its affairs, and which shall

Application of profits.

have been allowed or sanctioned by the Secretary of State in Council, and also deducting such sum (if any) as with the consent of the Secretary of State in Council may be appropriated and set apart for repairing, restoring, and making good any deterioration of the railway and works or stock and plant, and for the current expenses of working the said railway (the money to be so appropriated and set apart as a reserve fund, or any part thereof, being invested and accumulated or otherwise dealt with till required for application in any manner the Company may think fit, subject to the sanction and approval of the Secretary of State in Council), shall be applied in the first instance in or towards discharge of the guaranteed interest which shall be payable by the Secretary of State in Council under the covenants in this Indenture contained in respect of the said year (other than the interest on earnings payable under clause XV. of these presents), so as to exonerate the Secretary of State in Council, so far as the same net earnings will extend, from the payment of such interest, the money to be so applied being reckoned at the fixed and permanent exchange of 2s per Government rupee, and the residue (if any) of such net earnings shall be applied in manner following; that is say, one moiety thereof shall be forthwith applied in the payment of such sums of money as shall at any previous time or times have been paid by the Secretary of State in Council to the Company under the covenants in this Indenture contained, by way of interest as aforesaid (other than such interest on earnings as aforesaid), together with simple interest on such sums of money at the rate of five per cent. per annum from the times of payment respectively, and such moiety shall be paid into the Treasury of the Government at Lucknow, and shall be reckoned at the said rate of exchange, and shall be applied in reduction and discharge of the whole of the interest payable to the Secretary of State in Council on the said sums of money before the same shall be applied in liquidation of any part of the principal thereof; and the other moiety of the said surplus net earnings shall be paid to or applied for the use and benefit of the Company, and if at any time during the said determinable term of 999 years, the whole of the moneys previously paid by the Secretary of State in Council as aforesaid, with interest thereon as aforesaid, shall have been repaid and discharged, then for every year during such time, and so often as the same shall happen, the Company shall be entitled, for their own use and benefit, to the entirety of the said surplus net earnings, or, as the case may be, so much thereof as shall remain after such repayment and discharge as last aforesaid shall have been made.

Mails and troops.

19. That the Company will at all times during the said determinable term of 999 years convey on the said railway the Government mails and post bags, and the guards and other servants of the Post Office in charge thereof, free of charge, and, when they are on duty, all officers and persons in the administration of the Post Office, also free of charge, and provide, free of cost, sorting carriages, and any other kind of vehicle which the Secretary of State in Council may consider to be requisite for the purposes or convenience of the Post Office and its officials, and convey on the said railway, when they are on duty, the troops in Her Majesty's service, both horse and foot, and all other persons to whom the provisions of the Mutiny Acts and Regulations for the time being in force for Her Majesty's European and Indian forces respectively shall be applicable, and all officers and men belonging to the police force, and all artisans on the business of the Government, and all officers' servants accompanying their masters when on duty, and the officers and persons of similar station in life, shall be entitled to travel in first-class carriages at second-class fares, and the troops and men belonging to the police force, and European artisans and officers' servants in second-class carriages at the lowest fares, and all the other persons at the lowest fares, with two tons of baggage free of charge for every 100 men so carried, and the Company will also at all times convey on the said railway all general stores belonging to the Government, and all guns, ammunition, horses, and other animals used for military purposes, and all military stores, carriages, waggons, camp equipage and equipments whatsoever, at the lowest rate for the time being chargeable for the carriage of such animals, goods, and merchandise, the several privileges of conveyance and carriage hereby stipulated for being at all times to be used and enjoyed in preference to and priority over the public use of the said line of railway for conveyance and carriage.

Surrender.

20. That, after any portion of the said railway shall have been finished and in work for three calendar months at least, it shall be lawful for the company then, or at any time thereafter during the said determinable term of 999 years,

to

to give notice in writing of their intention to surrender and relinquish the said railway and works on any day to be mentioned in such notice, so that such notice be served at least six calendar months before that day, both on the Secretary of State in Council in London, and also on the Secretary of Government at Calcutta, and in case of such notice being given, the Company shall, at the expiration thereof, surrender and relinquish to Her Majesty, for the purposes of the Government of India, the railway and works accordingly, together with the telegraphs (if any), and shall, with all convenient speed, sell any lands in Great Britain which may then be held by the Company for the purpose of their business or undertaking, and pay the clear moneys to be produced by such sale into the Bank of England to the account of the Secretary of State in Council, and shall deliver to the Government of India, or their authorised agents on behalf of Her Majesty, for the purposes of such Government, the engines, carriages, stock, plant, and machinery belonging to the said railway and works, and all plans, surveys, sections, printings, writings, drawings, and documents whatsoever connected therewith, and the premises to be so surrendered and delivered shall be accepted and received accordingly, it being expressly agreed that the said railway, works, stations, telegraphs, engines, carriages, stock, plant, and machinery, shall, at the time of such surrender and delivery, be in good working order according to the covenant in that behalf herein-before contained on the part of the Company; and immediately upon such surrender and delivery being made, the Secretary of State in Council shall be bound to pay out of the revenues of India to the Company the capital expended by the Company upon the said railway works and premises so to be surrendered and delivered, such expended capital being ascertained and certified in the manner herein-before mentioned, together with such parts (if any) of the capital raised for the purposes of this contract as shall remain in the Bank of England to the account of the Secretary of State in Council and to discharge and indemnify the Company from all debts and liabilities incurred with the sanction of the Secretary of State in Council; and thereupon the covenants hereinbefore contained for payment of interest shall cease as from the day upon which the said railway and works shall be surrendered and accepted, and all claims by the Secretary of State in Council on account of interest on the Company shall also cease, and the Secretary of State in Council shall be at liberty to retain out of any moneys payable to the Company the amount of all claims and demands of any sort then existing against the Company on their revenue account in respect of their undertaking, and which shall not be shown to have been fully satisfied and discharged: Provided always that the Secretary of State in Council shall not be liable to refund any sum expended in the maintenance or working of the said railway, or any part thereof, after the same shall have been opened, which sum is to be provided by the Company out of the revenues of the line, and interest as hereinbefore provided or otherwise.

21. That at any time during the first six calendar months after the expiration of the twentieth year, computed from the date of this contract, or at any time during the first six calendar months after the expiration of any succeeding tenth year, computed from the same date, up to and inclusive of the nine hundred and ninetieth year computed as aforesaid, in case no surrender shall have been made by the Company under the last preceding clause, it shall be lawful for the Secretary of State in Council to give notice to the Company in London and at Lucknow, or elsewhere in India, of his intention to purchase, on behalf of Her Majesty, for the purposes of the Government of India, the said railway and works, together with the stations and telegraphs (if any), and the engines, carriages, stock, plant, and machinery belonging to the said railway and works, but subject to such debts and liabilities (if any) as may have been incurred to Her Majesty or to the Secretary of State in Council (exclusive of any arrears of interest on the capital of the Company paid by the Secretary of State in Council, under the conditions of this agreement, which shall not have been repaid), or to any person or persons, with the sanction of the Secretary of State in Council, and to interest on such of the said debts as carry interest, from the day on which possession shall be taken of the said railway, but not from any earlier time; and thereupon, at the half-yearly day next but one following such notice, the land to be provided as aforesaid, with the railway thereon, and all buildings, works, fixed machinery, stations, telegraphs, and conveniences whatsoever connected therewith shall

shall revert to and become the property of Her Majesty, for the purposes of the Government of India; and in case any lands in Great Britain shall then be held by the Company for the purpose of their business or undertaking, the same shall be sold, and the clear moneys to be produced by such sale shall be paid into the Bank of England, to the account of the Secretary of State in Council; and the Company shall at the same time deliver to the Government of India or their authorised agents, on behalf of Her Majesty for the purposes of such Government, the engines, carriages, stock, plant, and machinery belonging to the said railway and works; and all plans, surveys, sections, books, printings, drawings, writings, and documents whatsoever in anywise relating thereto; and provided notice as aforesaid shall have been given at any time during the first six calendar months after the expiration of the twentieth year, or of any tenth year thereafter, up to and inclusive of the ninetieth year computed as aforesaid, then the Secretary of State in Council shall be bound to pay in London, out of the revenues of India, on the said half-yearly day, for the purchase of all the same premises, a sum equal to the amount of the value of all the shares and capital stock in the Company issued or created for the purposes of the said Indian branch railway, calculated according to the mean market value in London of such shares or stock during the three years immediately preceding the expiration of the year during six months after the expiration of which such notice to purchase as aforesaid shall have been given (but not including any capital which may have been expended by the Company otherwise than in accordance with the terms of this agreement), and shall also be bound to indemnify the Company against all such debts and liabilities (if any) as they may have incurred to, or with the sanction of the Secretary of State in Council, and as shall be then subsisting. But if notice as aforesaid shall have been given during the first six calendar months after the expiration of some tenth year subsequent to and computed from the aforesaid ninetieth year, in that case, instead of such payment as aforesaid, then the Secretary of State in Council shall be bound to pay out of the revenues of India to the Company the capital expended by the Company upon the said railway works and premises (such expended capital being ascertained and certified in the manner hereinbefore mentioned), after a proper deduction for all debts and liabilities then affecting the Company or the property of the Company, and also to indemnify the Company against all such debts and liabilities (if any), as they may have incurred to, or with the sanction of the Secretary of State in Council, and as shall be then subsisting; and in the event of purchase taking place in either of the two ways above described, the covenants hereinbefore contained for payment of interest shall cease.

Possession as a
remedy.

22. That if default shall be made by the Company in the raising and payment of the said sum of 3,649,611 *l.* 10 *s.* 9 *d.*, or any of the instalments thereof, or of such further capital as shall be required for the construction of the said railway, or in the due application of any moneys drawn in London or in India as aforesaid, or in the execution of the said railway and works conformably with the covenants in that behalf hereinbefore contained, or in case the said railway shall not be worked to the satisfaction of the Secretary of State in Council, or in case of any other breach on the part of the Company of any of the covenants herein contained, it shall be lawful for the Secretary of State in Council, on giving to the Company in London three calendar months' notice of his intention in that behalf, to terminate the interest of the Company in the said land, railway, telegraphs, and works to be taken or constructed under these presents, and by their agents to assume, on behalf of Her Majesty, for the purposes of the Government of India, possession of the land, railway, telegraphs, and works, and of all or any of the engines, carriages, stock, plant, and machinery provided for the same or belonging thereto, and all plans, surveys, books, printings, drawings, writings, and documents whatsoever in anywise connected with the undertaking and affairs of the said railway or relating thereto, and in that case any lands in Great Britain which may then be held by the Company for the purposes of their business or undertaking shall, with all convenient speed be sold, and the clear moneys to be produced by such sale shall be paid into the Bank of England to the account of the Secretary of State in Council. And in case of such notice being given, the Secretary of State in Council shall be liable to repay out of the revenues of India, within six calendar months after its expiration to the Company in London, the capital expended by the Company upon the said railway and works so ascertained and certified as hereinbefore is mentioned, after a proper deduction for all debts

debts and liabilities then affecting the Company, or the property of the Company, the money so to be repaid to include so much (if any) of the capital raised for the purposes of the said railway as shall then remain in the Bank of England to the account of the Secretary of State in Council, and also to discharge, exonerate, and indemnify the Company from all debts, obligations, and liabilities for works and expenditure undertaken with the sanction of the Secretary of State in Council, and thereupon the covenants of the Secretary of State in Council in this Indenture contained for payment of interest shall cease, and all claims by the Secretary of State in Council on the Company shall also cease, the intention of the parties hereto being that, in case of the exercise by the Secretary of State in Council of the powers or authorities by this clause given to him, the said Company shall receive back their capital expended with such sanction as aforesaid, with interest at the rate or rates agreed on, and that the exercise by the Secretary of State in Council of the said powers and authorities shall be the only penalty to which the Company shall be liable, in case of default in raising sufficient capital for the purposes aforesaid, or in constructing and working the said railway to the satisfaction of the Secretary of State in Council.

23. That if default shall be made by the Company after the said railway or any portion thereof shall have been opened in their covenant to keep the said railway and works or such parts thereof as shall have been completed and opened for traffic in repair and condition, for the space of one calendar month next after notice in writing in that behalf from the Secretary of State in Council to the Company in London, it shall be lawful for the said Secretary of State in Council by his agents to enter on the said railway and works, and to do and execute all such works as may be required for fulfilling the said covenant, and to charge the expenses of the same against the Company by setting off the amount of such expenses against any moneys then payable or which shall thereafter become payable by the Secretary of State in Council for interest in manner hereinbefore mentioned, which interest shall, in such case, to that extent, be considered as paid and satisfied by such set-off or retainer, and shall, for all the purposes of these presents, be regarded and considered as interest actually paid by the Secretary of State in Council to the Company in pursuance of his covenant to pay interest under the 16th clause hereinbefore contained, and if such expenses shall not be satisfied by such set-off and retainer as aforesaid, then the Secretary of State in Council may set-off and deduct the same against and from all or any part of any other moneys which shall, on any account whatsoever, under or by virtue of these presents, be or become payable by the Secretary of State in Council to the Company.

Repairs by the Government of India.

24. That in every or any case in which under the provisions of these presents, the Secretary of State in Council shall, before the expiration of the said term of 999 years, become bound to repay the capital expended by the Company upon the said railway and works as aforesaid, or to pay for the purchase of the said railway works and stock, it shall be lawful for the Secretary of State in Council, at his sole option, instead of paying a gross sum in respect of the premises, to transfer to the Company, on the day on which such gross sum would have had to have been paid, such an amount of 5 l. per cent. Government of India stock, redeemable at par, at the option of such Government, as shall, taking such stock at par, amount to the sum which the Secretary of State in Council would have had to pay if he had chosen to make the payment in cash, and the amount of stock so transferred to the Company shall be accepted by them in full payment and satisfaction of all moneys which the Secretary of State in Council shall have become bound to repay or pay as aforesaid: Provided always, that the right to exercise such option shall not apply to the undrawn portion (if any) of the capital of the Company raised for the purposes of the said railway, which portion is to be repaid to the Company, with interest, under the provisions in that behalf hereinbefore contained, in case the Company shall relinquish or be deprived of the said railway and works as aforesaid.

Capital expended may be paid in India Government stock. •

25. That if, after the said railway and works, including the telegraphs if required, shall have been completed, and furnished with adequate working stock, the whole of the capital raised by the Company for the said railway shall not have been required for the purpose of the said capital account, the surplus thereof shall, to the extent to which the same shall have been paid into the Bank of England

Return of surplus.

England to the account of the Secretary of State in Council, or into a treasury in India, be refunded to the Company in London, with such interest as shall be due on such capital at the time, and thereupon the aforesaid covenants for payment of interest shall no longer apply to the capital which shall have been so refunded.

Sanction of the
Secretary of State
in Council.

26. That any notice, direction, approval, or sanction to be given or signified on the part of the Secretary of State in Council for any of the purposes of these presents shall be sufficient and binding, if signed by the Secretary of State for India, or one of his under secretaries, or by the Secretary of Government at Calcutta, or by the Secretary to the Chief Commissioner in Oude, or by any other officer or servant duly authorised to act on behalf of the Secretary of State in Council in respect to the matters to which the same shall relate, and the Secretary of State shall not, in any case, be bound in respect of matters aforesaid, unless by some writing signed in the manner before mentioned.

Railway office in
India, and agent.

27. That the Company shall keep an office at all times hereafter during the said term established at Lucknow, or any such other place or places as shall be agreed upon between the Secretary of State in Council and the Company, and shall keep at the said office an authorised agent or authorised agents, with whom the Secretary of State in Council, and the Government at Calcutta, or the Chief Commissioner in Oude, or other officer or officers deputed in that behalf, may communicate on affairs concerning the said railway; and all drafts drawn by the said agent or agents, and all receipts of and acts done by such agent or agents on behalf of the Company, or concerning the said railway and works and the affairs thereof, shall be binding on the Company; and every notice to be given to the Company shall be sufficiently given if left at the said office or personally served on such agent or agents.

Legislation in
India.

28. That the Secretary of State in Council shall promote the passing, by the Legislative Council of the Governor General of India in Council, of any Act or Acts which shall be necessary or convenient for enabling the Company to fulfil in India the objects of their undertaking according to the terms and provisions of these presents, and the said Company shall be subject to any enactment for the regulation of the affairs of railways which may be passed by the said Legislative Council.

In witness whereof Major General William Erskine Baker and William Urquhart Arbuthnot, Esq., being two members of the Council of India, have hereunto set their hands and seals, and the said Company have hereunto caused their common seal to be affixed the day and year first above written.

SUPPLEMENTAL CONTRACT between the SECRETARY of STATE in Council and the OUDE and ROHILCUND RAILWAY COMPANY, dated 8th April 1869.

THIS INDENTURE, made the 8th day of April 1869, between the SECRETARY of STATE in Council of the one part; and the OUDE and ROHILCUND RAILWAY COMPANY (Limited) (hereinafter called "the Company"), of the other part.

WHEREAS by an Indenture bearing date the 2nd day of August 1867, and made between the Secretary of State in Council of the one part, and the Company (therein called "The Indian Branch Railway Company (Limited)") of the other part, certain stipulations were made and entered into for and in reference to making, working, and maintaining in India a main line of railway, with branches and other works as therein mentioned:

And whereas it has since been agreed that the Company shall construct an additional line of railway from or near to Allyghur, on the East Indian Railway, to a point on the said main line, to be hereafter determined on by the Secretary of State in Council:

NOW THIS INDENTURE WITNESSETH that it is hereby agreed and declared between and by the Secretary of State in Council and the Company, that the
said

said Indenture shall be read and construed, and understood throughout, as if the said additional line of railway, so agreed to be constructed as aforesaid, had been specifically mentioned in the said Indenture as one of, and in addition to, the lines of railway in the construction of which it is, by the said Indenture, recited that the Secretary of State in Council had then lately agreed to co-operate, and as if the word "railway" throughout that Indenture meant and included such additional line of railway as well as the lines of railway in the same Indenture expressly mentioned the intention of the parties hereto being to bring and make the said additional line of railway within the scope, and subject to the provisions of the said Indenture, as if such line of railway had formed part of the lines originally contemplated, and for and to the construction of which the same indenture expressly provides and relates.

In witness whereof William Urquhart Arbuthnot, Esq., and Sir Frederick James Halliday, K.C.B., being two members of the Council of India, have hereunto set their hands and seals, and the said Company have hereunto caused their common seal to be affixed the day and year first above written.

AGREEMENT between the SECRETARY of STATE in Council and the INDIAN TRAMWAY COMPANY, dated 23rd August 1867.

ARTICLES OF AGREEMENT made and entered into this 23rd day of August 1867, between the SECRETARY of STATE in Council (hereinafter called "the Government"), of the one part, and the INDIAN TRAMWAY COMPANY (Limited) (hereinafter called "the Company"), of the other part.

WHEREAS the Company, in or about the year 1864, entered into negotiations with the Government, with a view to obtaining from the Government certain aid and concessions to and in respect of a line of light railway, with a gauge of 3 ft. 6 in. from the Arconum Station on the Madras Railway to the town of Little Conjeveram, a distance of 18 miles and 65 chains, or thereabouts, which the Company then proposed to construct and work; and whereas the Company afterwards, and with the sanction of the Government, but before the terms and extent of such aid and concessions as aforesaid had been finally determined and agreed upon, commenced and proceeded with the construction of the said proposed line of railway:

And whereas the Company afterwards completed the construction of the said line of railway, together with all necessary stations, sidings, engine-houses, storehouses, and other buildings and erections at the several places hereinafter named; that is to say, Arconum, Pulloor, Chenglearoyen's Choultry, and Little Conjeveram, and such line of railway, stations, sidings, engine-houses, storehouses, and other buildings and erections having been duly inspected by the consulting engineer for railways, acting on behalf of the Government, and found to be well and substantially constructed, and fit to be opened for traffic, the said line of railway was, on or about the 1st day of August 1865, opened for traffic throughout the whole distance between the said Arconum Station on the Madras Railway and the said town of Little Conjeveram:

And whereas the Company, with the consent of the Government, but at the cost of the Company, made and constructed the said line of railway for the distance of 14 miles and 22 chains, commencing from the said Arconum Station, along and upon one half of the Government road, leading from Arconum aforesaid to Conjeveram aforesaid, and the remainder of the said line of railway being a distance of 4 miles and 43 chains, together with the said stations, sidings, engine-houses, storehouses, and other buildings, were made and constructed by, and at the cost of, the Company, upon land taken up by, and at the cost of, the Government, and made over to the Company free of charge:

And whereas the Government, in consideration of the Company's having made and constructed the said line of railway, and of the covenants and agreements on the part of the Company, hereinafter contained, have agreed to grant and enter into such concessions and covenants as are hereinafter contained:

NOW THEREFORE THESE PRESENTS WITNESS, that in consideration of the premises, the said Secretary of State in Council doth hereby, for himself and

his successors, covenant with the said Company, their successors and assigns, and the said Company do hereby, for themselves and their successors, covenant with the said Secretary of State in Council, his successors and assigns, in manner following—that is to say:—

1. All land, in addition to that which the Government has already placed at the disposal of the Company, and which the Company shall from time to time consider necessary for the purposes of the Company, shall be taken up by the Government and made over to the Company for their use.

2. All land so to be taken up by the Government and made over to the Company shall be paid for by the Company.

3. The Company shall submit to the Government, whenever required so to do, drawings and descriptions of all works, machinery, rolling-stock, buildings, and other appurtenances of the railway which have been already erected, made, and purchased for the use of the Company, and shall also, from time to time, submit to the Government drawings and descriptions of all other works, machinery, rolling-stock, buildings, and other appurtenances which shall at any time hereafter be required to be erected, made, or purchased for the use of the Company, in such manner as shall, from time to time, be required by the Government.

4. The Company will, at all times hereafter, maintain and keep the fences on each side of the said line of railway already erected, and will also, at all times hereafter, erect all such additional fences as may be required or directed by the Government. If at any time after the Company is or shall have been placed in possession of the land for the railway, any ordinary public road (not being a railroad or tramroad) shall be constructed crossing the railroad, the necessary gates, fences, and masonry, and other works connected with and incidental to such crossing, shall be maintained by and at the cost of the Company. If at any time after the Company is or shall have been so placed in possession as aforesaid, any railroad, tramroad, or private ordinary road, shall be constructed, crossing the railway, all the gates, fences, and masonry, and other works connected with and incidental to such last-mentioned crossing, shall be maintained by the Company, but at the cost of the promoters of such railroad, tramroad, or private ordinary road.

5. The electric telegraph already erected by and at the expense of the Company, shall, at all times hereafter, be maintained and kept by the Company at their own expense, in good and complete repair and working order, and capable of signalling the arrival and departure of trains in a satisfactory manner, and the Company shall also keep and maintain, in good working order and complete repair, all signals already erected by the Company and required for working the traffic, and all additional signals which shall, from time to time, be required for working the traffic, shall be made and erected, subject to the approval of the Government.

6. The position of all stations which the Company shall, at any time hereafter, propose to erect, shall be subject to approval by the Government, and no station shall be commenced without such approval.

7. The Company shall at all times make such alterations in, and additions to, their works or rolling-stock as shall be declared by the Government to be necessary to ensure the safety or convenience of the public.

8. The Company shall at all times hereafter maintain in good order the whole of the earthwork on the Government road, one half whereof is now occupied by the said railway, together with all the masonry works appertaining to the whole of the said Government road and the railway constructed thereon, with all its works, rolling-stock, and appurtenances.

9. The Government, so long as it shall think fit to maintain the half of the roadway not occupied by the railway as a metalled road, shall pay for all charges on account of such maintenance, and the Company shall only be responsible for the charges on account of the earthwork and masonry works as aforesaid, but not for the metalling.

10. If it be found at any time hereafter necessary to make any additions or alterations

alterations to the earth-works, or to the masonry or timber bridges, or culverts, or any portion of the said road upon one half of which the said line of railway has been constructed, the said additions or alterations not being such as would have been fairly included in or incident to the maintenance of the road had it been used as an ordinary carriage road, only all such alterations and additions shall be at the cost and risk of the Company alone, but no such alterations or additions shall be made without the consent of the Government being first obtained.

11. All engines, carriages, and waggons of all sorts which shall from time to time be required to be used on the said line, shall be of good and solid construction, and shall be subject to survey and approval by a Government officer before they are permitted to be used on the opened line.

12. The Company shall at all times provide for the service of the line all such establishments of clerks, engine drivers, guards, signalmen, pointsmen, gatesmen, police, porters, and other servants and workmen as shall be necessary for the working of the traffic and the security of the public.

13. All bye-laws and regulations of the Company affecting the public use of the railway shall be submitted for approval to the Government before they are put in force.

14. The Company shall run at least one train with passenger carriages of all classes each way every day along the whole of the line, and at an average speed of not less than 12 miles an hour, including stoppages.

15. All passenger carriages used on the said railway shall be covered over head; there shall be at least two classes of such carriages, and those of one class shall be closed with glass windows.

16. The Company shall be at liberty, and they are hereby authorised, to fix the tariff of charges on the said line of railway as the Company shall think fit for such time and until the net profits or declared dividends of the Company shall be at the rate of 10 per centum per annum or upwards on the capital of the Company for two years, or five per cent. per half-year for four half-years consecutively, and thereupon and immediately after the expiration of such two consecutive years or four consecutive half-years, as the case may be, the tariff of the charges of the Company shall not be higher than the lowest tariff of charges which shall or may be in use on the Madras Railway at the time of the expiration of the said two consecutive years or four consecutive half-years, as the case may be, and the classifications of passengers and goods, and the general subsidiary rules under which the charges are made shall thereupon and thenceforth in all respects be, as nearly as possible, similar to those which may then be in force for the Madras Railway.

17. Provided always, and it is hereby expressly agreed and declared, that from time to time, and at any time or times thereafter, any other tariff of charges and any other rules for classification, and general subsidiary rules, than those hereinbefore specified, which shall first have been submitted to and approved by the Government in that behalf, shall and may be substituted for the tariff of charges mentioned and fixed in the last preceding clause of these presents.

18. The Company shall from time to time submit to the Government a complete statement of the tariff of charges of all descriptions, and be bound to correct anything in the tariff not authorised by the conditions herein contained.

19. A list of all fares and tolls, duly certified by a responsible officer of the Company, shall be exhibited at every station where such fares or tolls shall be payable.

20. On the payment of the proper fares or tolls, all persons or companies shall be entitled to use the railway to travel thereon and to send goods thereby, and to run properly-constructed engines and carriages thereon, under suitable regulations, to be from time to time approved by the Government, and the fares and tolls shall be levied (excepting as hereinafter provided) at the same rates on all persons whatever using the railway, and, unless with the sanction of the Government, no special advantages not conceded to the public generally shall be given, directly or indirectly, to any one individual or firm in any form.

21. On the completion of the works on any portion of the line being certified by the Government officer deputed or authorised to inspect them, the Government shall pay to the Company a sum of money equivalent to the amount which shall or may have been paid for the import duty upon such portions of the permanent-way material as shall consist of rails, chairs, and fixings, and which shall be actually used in and placed upon the said line, or any portion thereof, on the public opening thereof, and such sum of money shall be calculated at the rates of duty charged for such portions of the permanent-way material as aforesaid, at the date or dates when the same were respectively imported, to be ascertained from the Custom House receipts, and upon the actual quantity of such material as shall or may be certified to be in place by a Government officer deputed or authorised to ascertain the same.

22. The Government shall, for the period of 20 years commencing from the 1st day of August 1865, pay to the company a subvention of 2,351 rupees and 9 annas, being at the rate of 125 rupees per mile (exclusive of sidings) of the measured length of the said line of railway now opened for traffic, such subvention to be paid annually, reckoning from the date of the opening of the line for public traffic, as a contribution towards the cost of the maintenance of the said road, as provided by clause 9 of these presents.

23. Officers and soldiers and their families, and camp followers and police and their prisoners, shall be carried, on the requisition of a proper authority, at fares reduced by a deduction of one-third on the ordinary fares on the line, and the Government shall declare who is a proper authority within the meaning of this clause.

24. All public baggage, stores, arms, ordnance, ammunition, and the like, also Government horses and cattle dispatched under proper authority, also the regulated amount of private baggage belonging to any officers, soldiers, or police travelling under proper authority shall be carried at rates reduced in like manner, by a reduction of one-third on the general charges for conveying similar stock and goods on the proposed line, so far as practicable, troops and police travelling on the line shall be bound to assist in the loading and unloading of baggage and stores transported with them or for their use.

25. The Government shall be entitled to claim the use of the whole of the means of transport of the Company for the conveyance of troops or police on an emergency, to be duly declared by proper authority at the above-named rates, such authority to be certified as proper authority by Government, as provided in clause 23.

26. The Company shall carry free of charge, by every train, all mails committed to their care, also all persons in charge of the mails. The Company shall also provide, without charge, after due notice, a vehicle or portion of a vehicle to be approved by the Government, properly fitted up for the special use and business of the Post Office. But all accommodation for the Post Office at stations on the line shall be provided by the Government.

27. The Company shall permit the Government to erect at any time, and to maintain a line of telegraph within the land made over to the Company for the railway, without any payment for compensation for the use of such land.

28. The Company shall give all reasonable facilities and information to officers appointed by the Government to inspect the line and rolling stock. And also all stations and other buildings, and also all accounts, matters, and things connected with the working of the railway.

29. On the report of a Government inspector that anything has been done, or has been omitted to be done by the Company or their agents, contrary to the special conditions herein contained, the Government may call upon the Company to make good the defect stated in such report, within such reasonable time as the Government may appoint, and any neglect to comply with a requisition so made shall be held to be a specific breach of covenant on the part of the Company.

30. In the event of a Government inspector reporting that the line or any part of it, or any building, or any part of the rolling stock, or any other thing connected

nected with the working of the railway cannot continue to be used with proper regard to the rights or the safety of the public, the Government may prohibit the use thereof, and the Company shall immediately thereupon abstain from the use of anything, the use of which has been so prohibited.

31. The concession of the half roadway and of all the land made over to the Company for its use, free of cost, shall be and continue for the term of 99 years, commencing from the said 1st day of August 1865, and extending to and inclusive of the 31st day of July 1964.

32. On the expiry of the above-named term (unless the railway shall sooner have become the property of the Government), the whole of the property in the railway, including moveables and immoveables of every description, and all things used for the working of the traffic shall pass from the Company to the Government, and the Company shall thereupon give up to the Government in a thorough state of repair the line and its appurtenances, with a sufficient quantity of all engines and rolling stock, tools, and other appurtenances required for the maintenance of the works, and the efficient working of the traffic, and such quantity shall be calculated on the average stock of the Company during the last five years of the term.

33. Provided always, and it is hereby declared and agreed that on the expiration of the above named term, the Company shall have the option of purchasing back the railway from the Government for a further term of 99 years, and so on again at the end of such further term for a sum or sums of money to be determined on a valuation by arbitrators or their umpire, to be appointed as hereinafter in clause 43 of these presents is provided, such valuation to be reckoned on the then present value of the land occupied by the railway and its appurtenances, and of the works forming the roadway with the permanent way thereon, but exclusive of all buildings, structures, and machinery erected thereon, other than works being part of the railway; and also, exclusive of the telegraph posts and wires affixed thereto, and the fences, gates, and the like, and the value of all buildings, works, and appurtenances thus excluded shall not be reckoned or taken into account on the said valuation, and on the payment by the Company to the Government of the sum or sums so determined, the Company shall be entitled to retain possession of the railway and all its works and appurtenances for a further term of 99 years, subject to the same conditions in all respects as apply to the first term of 99 years: Provided that if the Company desire to claim a renewal of the term of their grant under this clause, they shall be bound to give notice to that effect six months before the expiration of the original or subsisting term: Provided also that the full sum or sums of money determined on such valuation as aforesaid shall be paid by the Company to the Government within 12 months after the arbitrators or their umpire shall have published their or his valuation or award, and that in default of such payment the provisions of the preceding clause, 32, shall immediately come into operation.

34. At any time after the expiry of 20 years from the commencement of the term, the Government on giving one year's notice of their intention, may purchase from the Company the railway, with its engines, rolling stock, tools, and other appurtenances. And the Company shall thereupon give into the possession of the Government in a thorough state of repair, the line and its appurtenances, with a sufficient quantity of all engines and rolling stock, tools, and other appurtenances required to the maintenance of the works, and efficient working of the traffic, and such quantity shall be calculated on the average stock of the Company during the five years next preceding the date of the said notice.

35. The payment to be made by the Government for the railway if thus taken, shall be at the option of the Company as follows; namely, either the total sum expended by the Company for the construction of the line, and the provision of rolling stock, &c., and property carried to the capital account of the Company, together with five per centum on that total sum, or an annuity for the remainder of the term equal to the average of the profits of the five years next preceding the period of purchase, or an annuity for the remainder of the term equal to the profits of the last year of those five.

36. At any time within the period of five years from the said 1st day of August 1865, the Company may, on giving six calendar months previous notice

in writing to the Government, withdraw from the further working of the line, or with the assent of the Government, from the further working of any portion thereof; and the Company may in either of such cases remove all the rolling stock, tools, and other appurtenances used for the traffic or maintenance of the works; also all stores and moveables, all machinery and permanent way material, but not ballast, whether fixed to the soil or otherwise; also all telegraph posts or wires, or the like: but all buildings, all masonry, brick and earthworks, all bridges and culverts of whatever description appertaining to the railway; also all land occupied by the Company, and provided by the Government free of cost, with all buildings or structures erected thereon, permanent or otherwise; and all fences, gates, and the like shall thereupon pass to and become vested in the Government absolutely: Provided also, that the Government shall have the option of claiming at any time within six months from the receipt of the notice of the Company to purchase at a valuation anything which the Company would otherwise have been entitled under this clause to remove, and nothing so claimed shall be removed or disposed of by the Company.

37. If at any time hereafter default shall be made in the maintenance or working of the line as agreed under the special conditions herein contained; and if the Government shall require the Company to remedy the default, or to maintain or work the line as agreed upon, and if the Company shall not within six months from the receipt of such requisition fully comply with the terms thereof, or if the Company shall commit any specific breach of covenant as defined in clause 29 of these presents, and shall continue to commit such breach of covenant, or shall not remedy the consequences thereof within six months after they have been required by the Government to cease from such breach, or to remedy the consequences thereof, or if the Company shall commit an act of bankruptcy, then, and in any of such cases, the Government may enter and take possession of the line, and of all the works and of all rolling stock brought on to the line, and of all things whatsoever appertaining to the railway belonging to the Company, and being on land made over to the Company by the Government free of cost.

38. The whole agreement between the Company and the Government, and the conditions under which the Company shall be placed in occupation of any land by the Government, and under which it shall carry on its business in connection with the said railway, are, and shall at all times be, subject to all Acts of the Indian Legislature now existing or hereafter to be passed, and the Company shall have no claim against the Government in respect of the agreement by reason of anything ordered or permitted or prohibited by any such Act or Acts.

39. The Government shall not be liable, in any way, to make good to the Company any loss or damage sustained by the Company arising out of the present agreement, or connected with the maintaining or working the said line of railway, and the entire risk shall rest on the Company alone.

40. The Company shall appoint an agent to reside at some place in the presidency of Madras, to be approved by the Government, by whom all notices or communications shall be received on behalf of the Company, and who shall be duly authorised by the Company to act in their behalf in all things concerning the said line of railway so far as relates to the present agreement.

41. The Government, if called on by the Company so to do, shall appoint an auditor to audit the accounts of the Company, on the understanding that all actual expenses incurred in such audit shall be paid by the Company.

42. The Company shall not lease, sell, or otherwise alienate in any manner the said line of railway, or any part of it, to any person or company, unless such person or company shall agree to be bound by all the conditions herein contained, and unless the Government shall consent to such lease, sale, or transfer, and no such lease, sale, or transfer shall be valid unless with the assent of the Government.

43. That the valuation hereinbefore in clause 33 of these presents provided to be made, and all questions and accounts arising out of or relating to the same, shall be referred to the arbitration of two indifferent persons as arbitrators, one of such two indifferent persons to be chosen by or on behalf of the said Government,

Government, and the other by the Company, within one calendar month after either of them, the said Government and the said Company, shall have made to the other a requisition to that effect, and that if either of the said parties to these presents shall, in writing, require the other of them to refer the said valuation and questions and accounts to arbitration, and to name an arbitrator, and if the party to whom such requisition is made shall for one calendar month after such requisition neglect or refuse to comply therewith, or shall name a person who shall neglect or refuse to act as arbitrator, it shall be lawful for the person chosen arbitrator on behalf of the party making such requisition by writing under his hand to appoint some person to act as arbitrator on behalf of the other party, and such two persons shall thereupon proceed with the arbitration. But in case the said arbitrators shall not agree in their award, the said valuation and all questions and accounts arising out of or relating to the same, or so much and so many and such part or parts thereof, as the case may be, touching which the said arbitrators shall not agree, shall be referred to the arbitrament, umpirage, final end, and determination of the secretary to the Government of Fort Saint George, in the department of Public Works, for the time being, or the officer or officers who, for the time being, shall hold the office equivalent to the said office of Secretary to the Government of Fort Saint George, in the department of Public Works, and the said arbitrators or their umpire shall determine and award concerning the matters and things referred to them or him, and (if they or he shall see fit) require the aid and take the opinion of any accountant's counsel or other persons, and adopt such other measures as shall appear to them or him expedient. And the said parties to these presents, and all persons claiming through them respectively, shall in all things obey, abide by, and perform the award of the arbitrators or their umpire, and shall, if required by the said arbitrators or their umpire, attend and produce to, and deposit with them or him, all deeds, letters, papers, writings, and entries relative to the matters or things referred to arbitration, and do all other things which the said arbitrators or their umpire shall require.

In witness whereof, Major General William Erskine Baker, and William Urquhart Arbuthnot, Esquire, being two members of the Council of India, have hitherto set their hands and seals, and the said Indian Tramway Company (Limited) have caused their common seal to be affixed the day and year first above written.

DEED OF SURRENDER between the INDIAN TRAMWAY COMPANY and the SECRETARY of STATE in Council, dated 1st March 1870.

THIS INDENTURE made the 1st day of March 1870, between the SECRETARY of STATE in Council of the first part, the INDIAN TRAMWAY COMPANY (Limited) (hereinafter called the Tramway Company) of the second part, Sir ROWLAND MACDONALD STEPHENSON, Knight, GEORGE NORTON, Esquire, Lieutenant General JAMES ALEXANDER, HENRY BROCKETT, Esquire, Major General CHARLES JAMES GREEN, and HENRY KIMBER, Esquire, the Liquidators of the Tramway Company (hereinafter called the Liquidators) of the third part, and the CARNATIC RAILWAY COMPANY (Limited) (hereinafter called the Company of the fourth part).

WHEREAS the Tramway Company was in the year 1862 registered under the provisions of the Joint Stock Companies Acts 1856, and 1857, with limited liability, with a capital of 1,000,000 £. for the purpose, amongst other things, of the introduction of a system of Tramways in connexion with and as feeders to the railways throughout India:

And whereas the Tramway Company in or about the year 1864, entered into negotiations with the Secretary of State in Council with a view to obtaining from the Government of India certain aid and concessions for making a light railway with a gauge of 3 feet 6 inches from the Arconum Station on the Madras

Railway to the town of Little Conjeveram, and the Tramway Company afterwards with the sanction of the Secretary of State in Council, but before the terms and extent of such concessions as aforesaid had been finally determined and agreed upon, commenced and completed the same railway, and the same railway was opened for traffic about the 1st day of August 1865, and part of the same railway being a distance of 14 miles and 22 chains, commencing from the said station was constructed upon half of the Government road leading from Arconum to Conjeveram, and the remainder of the said railway being a distance of 4 miles and 43 chains, together with the stations, sidings, engine houses, store houses, and other buildings belonging thereto, was constructed upon land taken up by and at the cost of the Secretary of State in Council and made over to the Tramway Company free of charge :

And whereas by articles of agreement bearing date the 23rd day of August 1867, and made between the Secretary of State in Council of the one part and the Tramway Company of the other part, it was, amongst other things, agreed that the concession of the half-roadway and all land made over to the Tramway Company for its use free of cost should continue for the term of 99 years commencing from the 1st day of August 1865, renewable as in the Order of Agreement is mentioned, and in the same Articles of Agreement were contained divers covenants, agreements, and provisions relating to the said railway, and the telegraphs, and works belonging thereto, and to the working and maintaining the same respectively, and also relating to the determination of the said agreement, and the rights of the said parties on such determination, and in particular it was, by the 42nd clause of the said Articles of Agreement provided that the Tramway Company should not lease, sell, or otherwise alienate in any manner the said line of railway or any part of it to any person or company unless such person or company should agree to be bound by all the conditions therein contained, and unless the Government should consent to such lease, sale, or transfer, and no such lease, sale, or transfer should be valid unless with the assent of the Government :

And whereas the paid-up capital of the company in the month of November 1867, was the sum of 100,000 £, and the Secretary of State in Council then agreed to guarantee temporarily to the Tramway Company that their dividend should from the 1st day of January 1868 be made up to three per cent. per annum upon the said sum of 100,000 £ :

And whereas the company was in the year 1869 registered under the provisions of the Company's Act, 1862, with a capital of 800,000 £, for the purpose amongst other things of constructing or acquiring by purchase or otherwise of railways and tramways and of telegraphs connected therewith in the East Indies, and of maintaining and working the same with power to enter into or adopt contracts with any persons, companies, or governments, whether British or foreign in relation to the acquisition, construction, maintenance, working, or disposition of any such railways, tramways, telegraphs, or lands :

And whereas an agreement has lately been come to between the Secretary of State in Council and the Tramway Company and the Company, that the said articles of agreement and the term thereby granted should be put an end to, that the guarantee of the Secretary of State in Council of dividends on the said sum of 100,000 £. should cease, that the Tramway Company should be wound up voluntarily, that liquidators should be appointed for that purpose, that all the assets of the Tramway Company, except the benefit of the said guarantee by the Secretary of State in Council and the interest of the Tramway Company, under the said articles of agreement, and also except the benefit of a provisional contract with the French Government for making a railway from Pondicheri, after discharging all the existing liabilities of the Tramway Company and the expenses of liquidation, should be transferred to the company in consideration of the company issuing to the liquidators to be so appointed as aforesaid, 3,000 fully paid up-shares in the capital of the company, such shares to be converted into 60,000 £. capital stock, to be distributed amongst the members of the Tramway Company rateably, and in proportion to their respective interests in the Tramway Company; and that the Secretary of State in Council should co-operate with the company in altering the said railway and in constructing an extension line of railway from and to the places, and upon the terms and conditions

ditions set forth in an Indenture bearing even date with and made between the same persons as are parties to these presents, and intended to be executed immediately after the execution of these presents :

And whereas at an extraordinary general meeting of the members of the Tramway Company, held on the 20th day of December 1869, it was resolved (and which resolution was afterwards confirmed at an extraordinary general meeting of the same company), that the Tramway Company should be wound up voluntarily, and that the several persons parties hereto of the third part, should be appointed liquidators for winding up the same company :

NOW THIS INDENTURE WITNESSETH that in pursuance of the said agreement in this behalf, and in consideration of the premises, the Tramway Company and the Liquidators and the Company do hereby respectively surrender and yield up to the Secretary of State in Council and his successors, all the said railway and all land made over by the Secretary of State in Council to the Tramway Company for the purposes thereof, and which railway and land respectively, are now held by the Tramway Company or the Company under the said articles of agreement of the 23rd day of August 1867, or otherwise, for the said term of 99 years. To the end and intent that the said term and all the interest of the Tramway Company and of the Company (if any) therein may henceforth determine :

And this Indenture also witnesseth that in further pursuance of the said agreement in this behalf, and in consideration of the premises, it is hereby agreed and declared that the said articles of agreement of the 23rd day of August 1867, and every covenant, agreement, and provision therein contained shall, from and after the execution of these presents absolutely determine and cease to have any effect ; and that the Secretary of State in Council shall for ever hereafter be released and discharged from the said guarantee of dividend on the said sum of 100,000 £, the capital of the Tramway Company, and from all claims and demands in respect thereof: Provided always, and it is hereby agreed and declared that all the rolling stock, tools, and other appurtenances now used for the traffic or maintenance of the works connected with the said railway, and all stores and moveables, and all machinery, and permanent-way, material, but not ballast, whether fixed to the soil or otherwise, and all telegraph posts or wires, or the like, now belonging to the said railway shall belong to the company, but subject to the provisions of the said Indenture of even date herewith.

In witness whereof William Urquhart Arbuthnot, Esquire, and Sir James Weir Hogg, Baronet, being two members of the Council of India, and the said Sir Rowland Macdonald Stephenson, Knight, George Norton, James Alexander, Henry Brockett, Charles James Green, and Henry Kimber, have hereunto set their hands and seals, and the Indian Tramway Company (Limited) and the Carnatic Railway Company (Limited), have hereunto caused their respective common seals to be affixed, the day and year first above written.

CONTRACT between the SECRETARY OF STATE in Council and the CARNATIC RAILWAY COMPANY, dated 1st March 1870.

THIS INDENTURE made the 1st day of March 1870, between the SECRETARY OF STATE in Council, of the first part, the INDIAN TRAMWAY COMPANY (Limited) (hereinafter called the Tramway Company), of the second part, Sir ROWLAND MACDONALD STEPHENSON, Knight, GEORGE NORTON, Esquire, Lieutenant General JAMES ALEXANDER, HENRY BROCKETT, Esquire, Major General CHARLES JAMES GREEN, and HENRY KIMBER, Esquire, the liquidators of the Tramway Company (hereinafter called the liquidators), of the third part, and the CARNATIC RAILWAY COMPANY (Limited) (hereinafter called "the Company"), of the fourth part :

WHEREAS the Tramway Company was, in the year 1862, registered under the provisions of the Joint Stock Companies Acts, 1856 and 1857, with limited liability,

liability, with a capital of 1,000,000 *l.* for the purpose of, amongst other things, the introduction of a system of tramways in connection with, and as feeders to the railways throughout India :

And whereas, the Tramway Company, in or about the year 1864, entered into negotiations with the Secretary of State in Council, with a view to obtaining from the Government certain aid and concessions for making a light railway, with a gauge of three feet six inches from the Arconum Station, on the Madras Railway to the town of Little Conjeveram and the Tramway Company afterwards, with the sanction of the Secretary of State in Council, but before the terms and extent of such aid and concessions as aforesaid, had been finally determined and agreed upon, commenced the same railway, and the same railway was completed and open for traffic about the 1st day of August 1865, and part of the same railway being a distance of 14 miles and 22 chains, commencing from the said station, was constructed upon half of the Government road leading from Arconum to Conjeveram, and the remainder of the same railway being a distance of four miles and 43 chains, together with the stations, sidings, engine-houses, stores, houses, and other buildings belonging thereto, was constructed on land taken up by and at the cost of the Secretary of State in Council, and made over to the Tramway Company, free of charge :

And whereas by articles of agreement, bearing date the 23rd day of August 1867, and made between the Secretary of State in Council, of the one part, and the Tramway Company of the other part, it was, amongst other things, agreed that the concession of the half-roadway, and all land made over to the Tramway Company for its use, free of cost, should continue for the term of 99 years, commencing from the 1st day of August 1865, renewable, as in the said Articles of Agreement is mentioned. And in the said articles of agreement were contained divers covenants, agreements, and provisions, relating to the same railway and telegraphs, and works belonging thereto, and to the working and maintaining of the same respectively, and also relating to the determination of the said agreement, and to the rights of the said parties, on such determination. And in particular, it was by the 42nd clause of said Articles of Agreement, provided that the Tramway Company should not lease, sell, or otherwise alienate in any manner the said line of railway, or any part of it, to any person or company, unless such person or company should agree to be bound by all the conditions therein contained, and unless the Government should consent to such lease, sale, or transfer, and no such lease, sale, or transfer should be valid, unless with the assent of the Government :

And whereas the paid up capital of the Tramway Company in the month of November 1867, was the sum of 100,000 *l.*, and the Secretary of State in Council then agreed to guarantee temporarily to the Tramway Company, that their dividend should, from the 1st day of January 1868, be made up to 3 *l.* per cent. per annum upon the said sum of 100,000 *l.*, and such guaranteed dividend has since been paid to the Tramway Company, by the Secretary of State in Council, down to the 31st day of December 1869, inclusive :

And whereas, the last-mentioned sum constituted the whole capital of the Tramway Company :

And whereas the Company was, in the year 1869, registered under the provisions of the Companies Act, 1862, with a capital of 800,000 *l.*, for the purpose, amongst other things, of constructing, or acquiring by purchase, or otherwise, of railways and tramways, and of telegraphs connected therewith, in the East Indies, and of maintaining and working the same, with power to enter into, or adopt, contracts with any persons, companies, or governments, whether British or foreign, in relation to the acquisition, construction, maintenance, working, or disposition of any such railways, tramways, telegraphs, or lands :

And whereas an agreement has lately been come to between the Secretary of State in Council, and the Tramway Company and the Company, that the said articles of agreement, and the term thereby granted should be put an end to, and that the Secretary of State in Council should be released from his said guarantee of dividends on the said sum of 100,000 *l.* That the Tramway Company should be wound up voluntarily, that liquidators should be appointed for that purpose, that all the assets of the Tramway Company, except the benefit of the

the said guarantee by the Secretary of State in Council, and the interest of the Tramway Company under the said articles of agreement, and except the benefit of a provisional contract with the French Government for making a railway from Pondicheri, after discharging all existing liabilities of the Tramway Company, and the expenses of liquidation should be transferred to the company, in consideration of the company issuing to the liquidators to be so appointed as aforesaid, 3,000 fully paid-up shares in the capital of the company, that the said liquidators should be entered on the register of members of the Railway Company as owners of the said 3,000 shares, and that immediately after such registration, the company should convert the said shares into 60,000 *l.* capital stock of the company. That the Secretary of State in Council should in manner hereinafter mentioned, guarantee interest on the said sum of 60,000 *l.* stock. That the said liquidators should hold the same sum of stock upon trust, to distribute the same amongst the members of the Tramway Company, rateably and in proportion to the respective amounts of the shares of, or interest in, the capital of the Tramway Company, held by them respectively, it being intended that such guarantee should be taken and accepted by the shareholders in the Tramway Company, in lieu of, and in substitution for the guarantee of the Secretary of State in Council, so to be released as aforesaid, and that the Secretary of State in Council should co-operate with the company in altering the gauge of the said railway from 3 feet 6 inches to 5 feet 6 inches throughout, and also in the construction in the manner, and upon the terms and conditions hereinafter mentioned, of an extension line of railway from Conjeveram to Cuddalore, or to such other place near Cuddalore as might be determined on. And upon it having been approximately estimated that the sum of 740,000 *l.* would be required for altering the said original railway, and constructing the said extension line, it was further agreed that the Secretary of State in Council should guarantee during the term of 999 years, hereinafter agreed to be granted, interest at the rate of 5 *l.* per cent. per annum upon the said sum of 740,000 *l.*, but less any premiums paid for the shares or stock by the issue of which the same sum might be raised upon the said sum of 740,000 *l.* being subscribed for, and upon the sum of 100,000 *l.* being paid by the Company into the Bank of England to the credit of the Secretary of State in Council :

And whereas the said last-mentioned sum of 100,000 *l.* has been paid by the company into the Bank of England to such credit as aforesaid :

And whereas in pursuance of the said agreement in this behalf, at an extraordinary general meeting of the members of the Tramway Company, held on the 20th day of December 1869, it was resolved (and which resolution was afterwards confirmed at an extraordinary general meeting of the same company) that the Tramway Company should be wound up voluntarily, and that the several persons parties hereto of the third part should be appointed liquidators for winding up the same company :

And whereas in pursuance of the said agreement in this behalf, the company issued to the liquidators 3,000 fully paid-up shares in the capital of the company, and the liquidators were entered in the register of members of the company as owners of the said 3,000 shares, and such shares were then converted into the sum of 60,000 *l.* stock in the company, and such stock has been distributed by the liquidators amongst the members of the Tramway Company rateably, and in proportion to the respective amounts of the shares of, or interest in, the capital of the Tramway Company held by them respectively :

And whereas, in pursuance of the said agreement in this behalf, by an indenture bearing even date with, and executed immediately before, the execution of these presents, and made between the same persons as are parties to these presents, it is witnessed that the Tramway Company and the liquidators and the company did respectively surrender and yield up to the Secretary of State in Council all the said original railway, and all land made over by the Secretary of State in Council to the Tramway Company for the purposes thereof, and which railway and land respectively were then held by the Tramway Company or the Company under the said articles of agreement or otherwise for the residue of the said term of 99 years, to the intent that the same term, and all the interest of the Tramway Company and the Company respectively therein, might thenceforth determine. And it is by the said indenture further witnessed, and thereby

agreed and declared, that the said articles of agreement, and every covenant, agreement, and provision therein contained should, from and after the execution of the same Indenture, absolutely determine and cease to have any effect, and that the Secretary of State in Council should for ever thereafter be released and discharged from his said guarantee of dividend on the said sum of 100,000 £., the capital of the Tramway Company, and from all claims and demands in respect thereof; and it was by the same Indenture provided and declared, that all the rolling stock, tools, and other appurtenances then used for the traffic or maintenance of the works connected with the said original railway, and all stores and moveables, and all machinery and permanent way, material, but not ballast, whether fixed to the soil or otherwise, and all telegraph posts or wires, or the like, then belonging to the same railway, should belong to the company, subject to the provisions of an indenture of contract then already prepared, bearing even date with, and intended to be executed immediately after the execution of the Indenture now in recital, and made between the same persons as were parties thereto, meaning thereby this present Indenture :

And whereas it is intended that wherever the words "the original line" are used in these presents they shall mean the said line of railway from the Arcunum Station to Little Conjeveram and the works connected therewith, and that wherever the words the "extension line" are herein used they shall mean the said projected line of railway from Conjeveram to Cuddalore and the works connected therewith and that wherever the words "the railway" are herein used they shall mean and include both the said lines of railway, and the works connected therewith respectively :

NOW THIS INDENTURE WITNESSETH, that, in pursuance and further performance of the said agreement, and in consideration of the premises, the company do hereby, for themselves and their successors (so far as the covenants and agreements hereinafter contained are to be observed and performed by them), covenant with the Secretary of State in Council, and the Secretary of State in Council doth hereby for himself (so far as the covenants and agreements hereinafter contained are to be observed and performed by the Secretary of State in Council) covenant with the company and their successors in manner following; (that is to say):—

Survey estimate
and selection of
line.

1. That the company will, at their expense, in addition to any surveys and estimates they or the Tramway Company have already made for the extension line, make such further surveys and frame such further estimates as the Secretary of State in Council may think necessary and require to enable him to ascertain with more particularity the probable cost of such line, and that such further surveys shall be conducted and further estimates framed under such supervision and in such manner in all respects as the Secretary of State in Council shall direct; and if upon such further surveys being made and further estimates completed, the Secretary of State in Council shall consider it undesirable to cooperate further in the construction of the extension line, it shall be lawful for him to terminate this contract, so far as relates to the same line, upon his paying the expenses of all the surveys and estimates, and returning to the company all moneys (if any) which may have been paid by them to him in respect of such extension line, with interest on such moneys at the rate of 5 £. per cent. per annum; and in case this contract shall be so terminated in respect of such line, all the said surveys and estimates shall belong to Her Majesty for the purposes of the Government of India; but if upon such further surveys being made and estimates completed, the Secretary of State in Council shall consider it desirable to cooperate in the construction of the extension line, it shall be lawful for him to determine, fix upon, and select the route and direction of the same, and such selected line, of an estimate cost to be approved of by the Secretary of State in Council, shall be completed by the company, and opened for the conveyance of passengers and goods with all practicable speed.

Notice of line.

2. That the Secretary of State in Council shall give notice to the company of the extension line, when so selected as aforesaid, or of any part or parts thereof, as such part or parts shall from time to time be fixed upon, and it shall be lawful for the Secretary of State in Council from time to time to alter the said route or direction, or to extend or limit the same, as he shall think fit, after such notice as aforesaid: Provided always, that if such alteration of route or direction

direction shall be made after the extension line shall have been commenced in a previously selected route or direction, the expense of the same line, or in any way incident to the said alteration, shall be considered as properly incurred by the company.

3. That the company shall alter the gauge on the original line, and make it 5 feet 6 inches throughout, and will complete such alteration with all practicable speed, and that the Secretary of State in Council will provide the land (if any) which may be necessary for such alteration, and will, after the selection of the route and direction of the extension line, or of any part or parts thereof, and from time to time as may be necessary, provide the land which shall be required for the same line, or for the part or parts thereof so selected, and will also from time to time provide the land necessary for the works connected with the said railway, and for proper stations, offices, warehouses, and such other conveniences for the same, as the Secretary of State in Council may determine to be necessary or desirable, and shall give to the company possession thereof, and that all land, of which possession shall be so given to the company which shall not be permanently required for the purposes of the company shall, as soon as practicable, be restored and delivered up by the company to the Government of India, for the use of Her Majesty, Her heirs, and successors, for the purposes of the Government of India. Land.

4. That the company shall, on receiving possession of the said land or any part thereof, forthwith, and subject to the supervision and control hereinafter prescribed, commence and proceed with diligence in the alteration of the original line, and in the construction of the extension line, and of all such stations, offices, warehouses, fixed machinery, and other works and conveniences (including works for the defence of stations, bridges, or any other building or structure connected with the railway as in the opinion of the Secretary of State in Council, such opinion to be certified in writing under the hand of some officer of the Government) shall be necessary or expedient, as well with reference to the original or altered construction of the railway and the working thereof as with reference to the permanent maintenance thereof, and its protection from injury or destruction by inundation, tempests, or other causes whatsoever: Provided always, that if the costs incurred in the erection of such defences shall exceed the sum for which such stations, bridges, or other buildings, or structures might have been constructed as efficient defences, without interfering with their purposes as railway works, such excess shall be paid by the Government, the question of such efficiency, and the amount of such excess being determined by the Secretary of State in Council, and the railway shall be made with such gradients as the Secretary of State in Council shall in writing direct, and shall be furnished with rails of such weight and strength as the Secretary of State in Council may direct, and such rails shall be laid down and secured in such manner, and shall consist either of a single or double line of rails as the Secretary of State in Council shall in writing direct, and the railway shall, if required by the Secretary of State in Council, and at such time or times as he shall in writing require, be kept or be provided with an electric telegraph constructed along all or such part or parts of the railway, and upon such principle and under such regulations as to its use, and the terms of its use, as the Secretary of State in Council shall in writing direct or approve of, and the company shall from time to time attend to, execute and perform all such directions in writing as may from time to time be given by the Secretary of State in Council for any deviations from, or alterations in, any directions or requisitions previously made or given with respect to the railway, or to the premises. And the company shall, as soon as both or either of the original or extension lines shall be altered or completed, as the case may be, for such a distance as in the opinion of the Secretary of State in Council shall be desirable, open the same respectively for the conveyance of passengers and goods. Works.

5. That it shall be lawful for the Secretary of State in Council from time to time, by notice to the company, to require any specified part or parts of the railway to be altered or completed as aforesaid, and to be opened for the conveyance of passengers and goods before the remaining part or parts thereof shall be altered or constructed, and such requisitions shall be complied with and fulfilled by the company, and if at any time or times it shall, in the opinion of

the Secretary of State in Council, be desirable that a double line of rails or any additional line of railway shall be constructed, in addition to the line or lines then already constructed for the purpose of relieving the traffic, or any portion of such line or lines, and for providing further accommodation or for any other purpose, and the Secretary of State in Council shall give to the company notice in writing to construct such additional line or lines, the company will forthwith construct the same on the same or similar terms to those therein provided as to the line or lines then already constructed.

Money capital.

6. That the said sum of 740,000 *l.* being the estimated cost of the extension line and of altering the gauge of the original line, shall be raised by the issue of shares, or ordinary or debenture stock, either at a price to be fixed by the Secretary of State in Council, or tenders for the same shares or stock shall be invited, the Secretary of State in Council fixing the terms upon which such tenders shall be accepted, and the company shall pay into the Bank of England to the account of the Secretary of State in Council, the said sum of 740,000 *l.* sterling when so raised as aforesaid, by such instalments, and at such times as the Secretary of State in Council may require, and such payments may be made in sums of not less than 5,000 *l.* each in London, and all premiums given for shares or stock shall be carried to an account to be headed "Capital not bearing Interest:" Provided always, that if the company shall receive any portions of the capital already subscribed, or hereafter to be subscribed in India, it shall be lawful for them to pay the amount so received in sums of not less than 10,000 rupees into the Treasury at Madras, in or towards satisfaction of the said instalments, and the acknowledgments of such respective payments, there shall, when produced to the Secretary of State in Council in London, be considered and taken as payments on the respective days of payment thereof, in part satisfaction of the said sum of 740,000 *l.* at the exchange of 2 *s.* for each Government rupee: Provided always, that such payments into the treasury at Madras shall not exceed the amounts which may from time to time be required for expenditure in India, such limit being determined upon by the Secretary of State in Council.

Drafts on capital.

7. That as often as, and when any money shall be required by the company for any works or purposes which shall have been sanctioned by the Secretary of State in Council, and which are about to be executed or in course of execution, or have already been performed to the satisfaction of the Secretary of State in Council, such moneys may be drawn in such sums as shall from time to time be necessary by the company in London or in India, according to such arrangements as shall be made from time to time with the Secretary of State in Council for that purpose, but ten days' notice of every such draft or proposed draft shall be given to the Secretary of State in Council, or to the Government in India, or to such authority as the Government in India may direct, and all sums of money which shall be so drawn at Madras, shall be set off at the exchange of 2 *s.* for each Government rupee, against the said sum of 740,000 *l.* sterling, or so much thereof as shall have been paid into the Bank of England to the account of the Secretary of State in Council as aforesaid, and the company shall not, in any case, be entitled to draw in London or in India to an extent greater than the balance in their favour for the time being.

Plant, fares and tolls.

8. That when and so often as the railway, or any part or parts thereof, which shall have been required by the Secretary of State in Council to be altered or completed, before the construction of the other parts shall be altered or completed, and ready to be opened for the use of the public, and so from time to time as any such part thereof shall be so altered or completed and ready to be opened, the company will, subject to the supervision and control hereinafter mentioned, provide to the satisfaction of the Secretary of State in Council a good and sufficient working stock of engines, carriages, and other plant and machinery, for working the said railway, or such part or parts thereof as shall have been altered or completed as aforesaid, and for carrying on the business and traffic of the same, and the company will forthwith commence and carry on the business of common carriers of goods and passengers upon the railway, and for that purpose shall cause to be run on the railway so many trains at such time, and at such rates of speed, and between such places, and with such conveniences and accommodations as the Secretary of State in Council shall from time to time require.

And

And the company will at all times allow the use of the railway and the telegraphs connected therewith to the public, on such terms as shall be approved by the Secretary of State in Council, but the company shall be empowered to charge such fares for the carriage of passengers and goods, and such tolls for the use of the railway and telegraphs respectively as they shall think fit, provided such fares and tolls respectively shall never exceed a maximum rate to be from time to time fixed for the same respectively by the Secretary of State in Council.

9. That upon the alteration being completed of the original line, or of any part or parts thereof, which shall have been required by the Secretary of State in Council to be altered, before the alteration of the remaining part, the Secretary of State in Council shall grant to the company a lease of, or otherwise secure to them, a right and title to the land which was comprised in, or provided under, the said articles of agreement, or which may be provided under the provisions herein contained, or of or to so much thereof respectively, as shall be required for the original line as altered, and for the works and conveniences thereto belonging, for a term of 999 years, commencing from the date of these presents, unless the same shall be sooner determined under the provisions herein contained, and the Secretary of State in Council shall guarantee to the company the right to, and possession of such land as against any claimant, but shall not be called upon to show any title thereto, and that upon completion of the extension line, or of any part or parts thereof, which shall have been required by the Secretary of State in Council to be completed before the construction of the remaining part, the Secretary of State in Council shall grant to the company a lease of, or otherwise secure to them, a right and title to the land which shall have been provided under the provisions hereinbefore contained, or of so much thereof as shall be required for the completed line, and for the works and conveniences thereto belonging for a term of 999 years, commencing from the date of these presents, unless the same shall be sooner determined under the provisions herein contained, and the Secretary of State in Council shall guarantee to the company the right to, and possession of such land as against any claimant, but shall not be called upon to show any title thereto.

10. That the Secretary of State in Council may from time to time during the alteration or construction of the said railways respectively give to the company, their officers, servants, and agents, all such orders and directions as the Secretary of State in Council shall think fit with reference to the time, cost, and manner within, at, and in which respectively, the railway, and the works connected therewith, or any parts thereof, shall be altered, constructed, carried on, and completed, and the company will strictly comply with, execute, and perform, all such orders and directions, and the company and their officers, servants, and agents, as also their accounts and affairs shall in all things be subject to the superintendence and control of the Secretary of State in Council, as well in England as elsewhere, and in particular that no bye-laws, contracts, orders, directions, proceedings, works or undertakings, acts, matters, or things whatsoever, shall be made, done, entered into, commenced, or prosecuted by, or on, the part of the company, unless previously sanctioned in writing by the Secretary of State in Council, or by the Executive Government in India, and that no moneys shall be raised by the Company by any other means than by calls upon or payments in respect of the shares or stock of the same company, without the sanction of the Secretary of State in Council in writing, and no extension in the number of shares in the company, or in the amount of its stock or capital shall be made, unless sanctioned in like manner, and generally that it shall be lawful for the Secretary of State in Council from time to time to give to the company, their officers, servants and agents, all such orders and directions as the Secretary of State in Council shall think fit, with reference to the railway and the works connected therewith, and with reference to any contracts, orders, and directions, to be entered into, made, or given, with regard thereto, and otherwise with reference to the same, all which contracts, orders, and directions, shall be executed and followed by the company to the satisfaction of the Secretary of State in Council, the costs and expenses of the same, which shall have been allowed and sanctioned by the Secretary of State in Council being paid out of the capital of the company. And that for better enabling the Secretary of State in Council to exercise the control and direction intended to be hereby secured, the company shall record and keep in proper books for that purpose full and particular accounts of all

their transactions and proceedings, including full and true minutes of all their meetings, meetings of directors, communications with India, and correspondence, so as at all times to exhibit thereby fully and truly the state of their affairs and proceedings, and that the Secretary of State in Council, and any person or persons appointed by him in that behalf shall at all reasonable times have free access to all the books, accounts, papers, and documents of the company (except communications between the company and their legal advisers), and power to make copies of, or extracts from the same, whether such books, accounts, papers, and documents relate to the railway and works, or any of them, or to any other matters and things whatsoever, in which the company shall or may be interested. And for the purposes aforesaid it shall be lawful for the Secretary of State in Council from time to time to appoint any one person not being a shareholder of the company to be a director of the company, to be called the Government director, which director, if and when appointed, shall rank as, and be one of the board of directors of the company, and be entitled in all things to act as such, and to exercise at his discretion a right of veto in all proceedings whatsoever at boards of the said directors, except proceedings for the purpose of communicating with the legal advisers of the company, and shall not be removable except by order of the Secretary of State in Council, and shall in case the whole number of directors shall at the time of his appointment be filled up, come and be in the place of the director who shall retire from the direction, according to the decision of the board, such decision being taken by ballot, but such Government director shall not receive any salary from the company: Provided always that the Secretary of State in Council shall not be authorised to appoint any officer or servant connected with the company, except such Government director as aforesaid.

**Sanction of
expenditure.**

11. That all the expenses of the company in respect to the railway and works shall from time to time be stated and submitted to the Secretary of State in Council for his sanction and approval, and as between the company and the Secretary of State in Council, shall be allowed so far only as the same shall from time to time have been sanctioned and approved by the Secretary of State in Council: Provided always that the last-mentioned stipulation shall not interfere with any such subsidiary agreement or agreements (if any) as from time to time may be made between the company and Secretary of State in Council for the alteration or performance of any part or parts of the railway and works, at any sum or sums of money to be specified in such subsidiary agreement or agreements in which case the expenses in respect of the same, shall be allowed and taken at the sum or sums which shall be so agreed upon.

Capital account.

12. That a capital account relating to the construction of the railway and the works, conveniences, and telegraphs thereto belonging and relating to the original cost of engines, carriages, plant and machinery, provided for the purposes of the railway to be called "The Carnatic Railway Capital Account," shall be kept by the company, to which account all moneys paid by the company, the expenditure of which shall have received the sanction and approval of the Secretary of State in Council, shall from time to time be carried. And when, and so soon as the railway and works respectively shall have been completed and altered, and furnished with the necessary rolling stock and plant, or at any earlier time or times if the Secretary of State in Council shall so require the said capital account shall be made up, and a statement shall be furnished to the Secretary of State in Council of the aggregate amount of capital which, according to such account shall have been expended, and such amount shall by examination of such account be ascertained and certified by the Secretary of State in Council, and thenceforth from the opening of the railway, or any part thereof, the cost of maintaining the railway, or the part thereof which shall have been opened with its machinery and stock in good working condition, shall be payable by the company out of the revenue of the railway, including any interest to be received from the Secretary of State in Council as hereinafter is mentioned, but upon any additions, alterations or improvements, such as shall properly be chargeable to the capital account being thereafter made with the sanction and approval of the Secretary of State in Council to, of, or in the said railway, or the works, conveniences, or telegraphs thereto belonging, or the engines, carriages, and other plant and machinery belonging thereto, the cost necessarily incurred in executing such additions, alterations, or improvements, shall

shall be added to the said capital account. And if it shall happen that any liability shall be incurred to third persons for consequential damage caused by any works executed by the company under the sanction or authority of the Secretary of State in Council, all expenses necessarily incurred in satisfying the same, shall be paid by the company and added to the said capital account. And the said capital account shall from time to time be made up and stated afresh as occasion shall require, and be ascertained and certified accordingly.

13. That the company shall at all times during the said determinable term of 999 years, keep the railway or so much thereof as shall be completed and opened for traffic, and the works and conveniences belonging thereto, and the telegraphs on or belonging to the same in a state of good repair and in good working condition to the satisfaction of the Secretary of State in Council, and shall keep the railway fully provided with rolling stock and plant in good repair, and adequate to the service thereof to the satisfaction of the Secretary of State in Council.

Repair and maintenance of rolling stock.

14. That the company shall, in all such forms, and under such heads or divisions as shall be prescribed by the Secretary of State in Council, keep accounts of all receipts and payments whatsoever in respect of the railway, other than such receipts and payments as properly belong to the capital account hereinbefore agreed to be kept, and such accounts shall be called "The Carnatic Railway Revenue Account," and shall be made up half-yearly to the 30th day of June and the 31st day of December both inclusive in every year, or to such other days in the year as the Secretary of State in Council shall appoint, and shall be regularly transmitted to the Secretary of State in Council, who shall be at liberty at all times in auditing the same accounts to make any corrections therein which may be necessary.

Revenue account.

15. That all the earnings of the railway received by or on account of the company in India, shall be paid at such times, and in such manner as the Secretary of State in Council shall direct without any deduction under any pretence whatever, into the treasury of the Government of India at Madras, to an account to be kept separately, to be called "The Carnatic Railway Revenue Account," and when any money shall be required by the company for any purpose sanctioned by the Secretary of State in Council, or by the Executive Government of India, such money may be drawn by the company according to such arrangements as shall from time to time be made with the Secretary of State in Council, or the Executive Government of India for that purpose.

Deposit of revenue, and drafts thereon.

16. That the Secretary of State in Council shall from time to time during the said determinable term of 999 years pay out of the revenues of India to the company in London half-yearly, on the 1st day of January and the 1st day of July in every year, interest at the rate of 5 *l.* per cent. per annum on the said sum of 60,000 *l.* stock which has been distributed among the shareholders of the Tramway Company as aforesaid, and also on such part of the said sum of 740,000 *l.* sterling, as shall for the time being have been paid into the Bank of England to the account of the Secretary of State in Council, or into a treasury in India as aforesaid, and as shall not have been, or will not be subject to be carried over to the account to be headed "Capital not bearing Interest," it being intended that no interest shall be paid or guaranteed to be paid on the money carried over, or which shall be subject to be carried over to the last-mentioned account, the first payment of such interest on the said sum of 60,000 *l.* stock to be made on the 1st day of January 1870, and the interest on such part of the said sum of 740,000 *l.* as shall bear interest, being considered in the first instance as running from the day on which the same part shall have been so paid into the Bank of England, or into such treasury in India to such account as aforesaid: Provided always that the shareholders of the Tramway Company shall not have any direct remedies against the Secretary of State in Council for payment of the interest hereby covenanted to be paid on the said sum of 60,000 *l.* stock, but such remedies shall, as in the case of the other ordinary stockholders of the company, be against the company only.

Guarantee of interest.

17. That if the expenditure of the company in altering the original line and in making the extension line and works, or otherwise in respect of the matters to be included in the said capital account relating to the railway shall exceed

Excess above.

the said estimated sum of 740,000 £., the money necessary to meet such excess shall be raised and paid by the company into the Bank of England to the account of the Secretary of State in Council, and the Secretary of State in Council shall from time to time during the said determinable term of 999 years pay out of the revenues of India to the company half-yearly on the days aforesaid, interest at the rate of 5 £. per cent. per annum on such parts of such moneys as shall be raised by the issue of shares or stock and at such rate per annum as may be mutually agreed on such part of the said moneys as shall be raised on loan, such interest in the said respective cases to be calculated from the respective times when the same moneys shall have been so paid into the Bank of England as aforesaid: Provided always, that the mode and terms in and on which any further moneys shall be raised or capital created, shall, in all respects, be determined on and fixed by the Secretary of State in Council, and the raising, creation, and issue of such moneys and capital respectively, shall be, in all respects subject to his sanction, and under his superintendence and control; and that in case of any moneys being raised by payment of a premium for shares or stock, the Secretary of State in Council shall not pay any interest on such premium, but the same shall be carried to the said account, to be headed "Capital not bearing Interest."

Application of money standing to the account, "Capital not bearing Interest."

18. That the moneys which shall for the time being, be standing to the account to be headed "Capital not bearing Interest," shall, in all other respects, except bearing interest be treated as capital, and be applicable for all the purposes for which the capital which does bear interest, is or shall be applicable.

Application of profits.

19. That henceforth during the said determinable term of 999 years, the net earnings which shall be realised during any year on the railway and works, or on any of them, or any part thereof respectively, after deducting therefrom all the money which shall have been expended in the repairs and maintenance of the railway and works, and the repair and restoration of the rolling stock and plant belonging thereto, and in the management and conduct of the company and its affairs, and which shall have been allowed or sanctioned by the Secretary of State in Council, and also deducting such sum (if any), as with the sanction of the Secretary of State in Council may be appropriated and set apart for repairing, restoring, and making good any deterioration of the railway and works, or stock and plant for the current expenses of working the railway (the money to be so appropriated and set apart as a reserve fund, or any part thereof being invested and accumulated, or otherwise dealt with till required for application in any manner the company may think fit and subject to the sanction and approval of the Secretary of State in Council), shall henceforth belong to the Secretary of State in Council as part of the revenues of India: Provided always, that in case in any year such net earnings after making such deductions as aforesaid, shall exceed the aggregate amount of interest payable for such year by the Secretary of State in Council under the covenants herein contained, then and in every such case a moiety of such excess shall belong and be paid to the company for their own use and benefit.

Mails and troops.

20. That the company will at all times during the said determinable term of 999 years, convey on the railway the Government mails, and post-bags, and the guards and other servants of the Post Office in charge thereof, free of charge, and when they are on duty, all officers and persons in the administration of the Post Office also free of charge, and provide free of cost, sorting carriages, and any other kind of vehicle which the Secretary of State in Council may consider to be requisite for the purposes or convenience of the Post Office and its officials, and convey on the railway, when they are on duty, the troops in Her Majesty's service, both horse and foot, and all other persons to whom the provisions of the Mutiny Acts and Regulations for the time being in force for Her Majesty's European and Indian forces respectively, shall be applicable, and all officers and men belonging to the Police Force, and all artisans on the business of the Government, and all officers' servants accompanying their master when on duty, and the officers and persons of similar station in life shall be entitled to travel in first-class carriages at second-class fares, and the troops and men belonging to the Police Force and European artisans and officers' servants in second-class carriages at the lowest fares, and all other persons at the lowest fares, with two tons of baggage free of charge for every 100 men so carried, and the company will

will also at all times convey on the railway all general stores belonging to the Government, and all guns, ammunition, horses, and other animals used for military purposes, and all military stores, carriages, wagons, camp equipage and equipments whatsoever, at the lowest rate for the time being chargeable for the carriage of such animals, goods, and merchandise, the several privileges of conveyance and carriage hereby stipulated for being at all times to be used and enjoyed in preference to and priority over the public use of the railway for conveyance and carriage.

21. That it shall be lawful for the company at any time hereafter during the said determinable term of 999 years, but not until some portion of the extension line shall have been finished and in work for three calendar months at least, to give notice in writing of their intention to surrender and relinquish the railway and works on any day to be mentioned in such notice, so that such notice be served at least six calendar months before that day, both on the Secretary of State in Council in London, and also on the Secretary of Government at Madras : and in case of such notice being given the company shall, at the expiration thereof, surrender and relinquish to Her Majesty, for the purposes of the Government of India, the railway and works accordingly, together with the telegraphs ; and shall with all convenient speed sell any lands in Great Britain which may then be held by the company for the purpose of their business or undertaking, and pay the clear moneys to be produced by such sale into the Bank of England to the account of the Secretary of State in Council, and shall deliver to the Government of India, or their authorised agents, on behalf of Her Majesty for the purpose of such Government, the engines, carriages, stock, plant, and machinery belonging to the railway and works, and all plans, surveys, sections, printings, writings, drawings, and documents whatsoever connected therewith ; and the premises to be so surrendered and delivered shall be accepted and received accordingly, it being expressly agreed that the railway works, stations, telegraphs, engines, carriages, stock, plant, and machinery shall at the time of such surrender and delivery be in good working order according to the covenant in that behalf hereinbefore contained on the part of the company ; and immediately upon such surrender and delivery being made the Secretary of State in Council shall be bound to pay, out of the revenues of India to the company, the sum of 60,000 £, plus the capital expended by the company since the date of these presents with the sanction of the Secretary of State in Council (whether raised by means of premiums or shares or otherwise), upon the railway works and premises so to be surrendered and delivered, the capital so to be paid being ascertained and certified in the manner hereinbefore mentioned, together with such parts (if any) of the capital raised for the purposes of this contract as shall remain in the Bank of England to the account of the Secretary of State in Council, and to discharge and indemnify the company from all debts and liabilities incurred with the sanction of the Secretary of State in Council, and thereupon the covenants hereinbefore contained for payment of interest shall cease, as from the day upon which the railway and works shall be surrendered and accepted ; and all claims by the Secretary of State in Council on account of interest on the company shall also cease, and the Secretary of State in Council shall be at liberty to retain out of any moneys payable to the company the amount of all claims and demands of any sort then existing against the company on their revenue account in respect of their undertakings, and which shall not be shown to have been fully satisfied and discharged : Provided always that the Secretary of State in Council shall not be liable to refund any sum expended in the maintenance and working of the railway or any part thereof after the same shall have been opened, which sum is to be provided by the company out of the revenues of the lines and interest as hereinbefore provided or otherwise.

22. That at any time during the first six calendar months after the expiration of the 20th year, computed from the date of this contract, or at any time during the first six calendar months after the expiration of any succeeding 10th year, computed from the same date up to and inclusive of the 990th year, computed as aforesaid in case no surrender shall have been made by the company under the last preceding clause, it shall be lawful for the Secretary of State in Council, to give notice to the company in London and at Madras, or elsewhere in India, of his intention to purchase on behalf of Her Majesty for the purposes of the Government of India, the railway and works, together with the stations and telegraphs

(if any), and the engines, carriages, stock, plant, and machinery belonging to the railway and works, but subject to such debts and liabilities (if any) as may have been incurred to Her Majesty, or to the Secretary of State in Council, or to any person or persons with the sanction of the Secretary of State in Council, and to interest on such of the said debts as carry interest from the day on which possession shall be taken of the railway, but not from any earlier time, and thereupon at the half-yearly day next but one following such notice, the land provided and to be provided as aforesaid, with the railways thereon respectively, and all buildings, works, fixed machinery, stations, telegraphs, and conveniences whatsoever connected therewith respectively, revert to and become the property of Her Majesty for the purposes of the Government of India; and in case any lands in Great Britain shall then be held by the company for the purpose of their business or undertaking, the same shall be sold, and the clear moneys to be produced by such sale shall be paid into the Bank of England to the account of the Secretary of State in Council, and the company shall at the same time deliver to the Government of India or their authorised agents on behalf of Her Majesty, for the purposes of such Government, the engines, carriages, stock, plant, and machinery belonging to the railway and works, and all plans, surveys, sections, books, printings, drawings, writings, and documents whatsoever in anywise relating thereto respectively, and provided notice as aforesaid shall have been given at any time during the first six calendar months after the expiration of the 20th year, or of any 10th year thereafter up to, and inclusive of, the 19th year, computed as aforesaid, then the Secretary of State in Council shall be bound to pay in London out of the revenues of India, on the said half-yearly day, for the purchase of all the same premises, a sum equal to the amount of the value of the said sum of 60,000 £. stock, and of all other shares and capital stock in the company issued or created for the purposes of the railway, calculated according to the mean market value in London of such stocks and shares, or stock during the three years immediately preceding the expiration of the year, during six months after the expiration of which such notice to purchase as aforesaid shall have been given (but not including any capital other than the said 60,000 £. stock), which may have been expended by the company otherwise than in accordance with the terms of this agreement, and shall also be bound to indemnify the company against all such debts and liabilities (if any) as they may have incurred to or with the sanction of the Secretary of State in Council, and as shall then be subsisting; but if notice as aforesaid shall have been given during the first six calendar months after the expiration of some 10th year subsequent to and computed from the aforesaid 19th year in that case, instead of such payment as aforesaid, the Secretary of State in Council shall be bound to pay out of the revenues in India to the company the sum of 60,000 £. plus the capital expended by the company since the date of these presents with the sanction of the Secretary of State in Council (whether raised by means of premiums on shares or otherwise) upon the railway works and premises (the capital so to be paid being ascertained and certified in the manner hereinbefore mentioned), after a proper deduction for all debts and liabilities then affecting the company or the property of the company, and also to indemnify the company against all such debts and liabilities (if any) as they may have incurred to or with the sanction of the Secretary of State in Council, and as shall be then subsisting; and in the event of purchase taking place in either of the two ways above described, the covenants hereinbefore contained for payment of interest shall cease.

Possession as a
remedy.

23. That if default shall be made by the company in the raising and payment of the said sum of 740,000 £., or any of the instalments thereof, or of such further capital as shall be required for the alteration and construction of the original and extension lines respectively, or in the due application of any moneys drawn in London, or in India, as aforesaid, or if the company shall at any time fail as regards time, cost, or any other circumstance or things, in altering, constructing, or carrying on to completion the railway and works, or any of them, to the entire satisfaction of the Secretary of State in Council, and conformably in all respects with the orders and directions to be given for that purpose by the Secretary of State in Council as hereinbefore is mentioned, or in case at any time the railway shall not be worked to the satisfaction of the Secretary of State in Council, or in case of any other breach on the part of the company, of any of the covenants herein contained, then, and in any such case it shall be lawful for the Secretary

of State in Council, on giving to the company in London, or other the place of their office in India three calendar months' notice of his intention in that behalf to terminate the interest of the company in the railway, land, telegraphs, and works already taken or constructed, or to be taken or constructed, under these presents, and by their agents to assume on behalf of Her Majesty, for the purposes of the Government of India possession of the railway, lands, telegraphs, and works, and of all or any of the engines, carriages, stock, plant, and machinery provided for the same, or belonging thereto, and all plans, surveys, books, paintings, drawings, writings, and documents whatsoever, in anywise connected with the undertakings and affairs of the railway, or relating thereto, and in that case any lands in Great Britain, which may then be held by the company for the purposes of their business or undertaking, shall, with all convenient speed be sold, and the clear moneys to be produced by such sale, shall be paid into the Bank of England to the account of the Secretary of State in Council, and in case of such notice being given, the Secretary of State in Council shall be liable to repay out of the revenues of India, within six calendar months after the expiration of such notice to the company in London, the sum of 60,000 £. plus, the capital expended by the company since the date of these presents, with the sanction of the Secretary of State in Council (whether raised by means of premium on shares, or otherwise) upon the railway and works, the capital so to be paid being ascertained and certified as hereinbefore is mentioned after a proper deduction for all debts and liabilities then affecting the company, or the property of the company, the money so to be repaid, to include so much (if any) of the capital raised for the purposes of the railway as shall then remain in the Bank of England to the account of the Secretary of State in Council, and also to discharge, exonerate, and indemnify the company from all debts, obligations, and liabilities for works and expenditure undertaken with the sanction of the Secretary of State in Council, and thereupon the covenants of the Secretary of State in Council in this Indenture contained for payment of interest shall cease, and all claims by the Secretary of State in Council on the company shall also cease, the intention of the parties hereto being, that in case of the exercise by the Secretary of State in Council of the powers or authorities by the clause given to him the said company shall receive back their capital expended with such sanction as aforesaid, with interest at the rate or rates agreed on, and that the exercise by the Secretary of State in Council of the said powers and authorities shall be the only penalty to which the company shall be liable in case of default in raising sufficient capital for the purposes aforesaid, or in constructing and working the railway to the satisfaction of the Secretary of State in Council.

24. That if default shall be made by the company after the railway or any portion thereof shall have been opened in performing their covenant to keep the railway and works, or such parts thereof respectively as shall have been altered, completed, and opened for traffic in good repair and condition, for the space of one calendar month next after notice in writing in that behalf from the Secretary of State in Council to the company in London, or if default shall be made by the company in performing their covenant to keep the railway fully provided with rolling stock and plant in good repair and adequate to the service thereof to the satisfaction of the Secretary of State in Council, it shall be lawful for the said Secretary of State in Council by his agents, to enter on the railway and works, or any of them, and to do and execute all such works and things as may be required for fulfilling the said covenants, and to charge the expenses of the same against the company, by setting off the amount of such expenses against any moneys then payable, or which shall thereafter become payable by the Secretary of State in Council for interest in manner hereinbefore mentioned, which interest shall in such case to that extent be considered as paid and satisfied by such set-off or retainer, and shall for all the purposes of these presents be regarded and considered as interest actually paid by the Secretary of State in Council to the company in pursuance of his covenant, to pay interest under the 16th clause hereinbefore contained, and if such expenses shall not be satisfied by such set-off and retainer as aforesaid, then the Secretary of State in Council may set-off and deduct the same against and from all or any part of any other moneys which shall on any account whatsoever, under or by virtue of these presents be or become payable by the Secretary of State in Council to the company.

Repairs by the
Government of
India.

25. That in every or any case in which under the provisions of these presents the Secretary of State in Council shall, before the expiration of the said term of 999 years, become bound to repay the capital expended by the company upon

Capital expended
may be paid in
India Government
Stock.

the railway and works as aforesaid, or to pay for the purchase of the railway works and stock, it shall be lawful for the Secretary of State in Council at his sole option, instead of paying a gross sum in respect of the premises, to transfer to the company on the day on which such gross sum would have had to have been paid such an amount of 5 l. per cent. Government of India stock, redeemable at par at the option of such Government, as shall, taking such stock at par, amount to the sum which the Secretary of State in Council would have had to pay if he had chosen to make the payment in cash, and the amount of stock so transferred to the company shall be accepted by them in full payment and satisfaction of all moneys which the Secretary of State in Council shall have become bound to repay or pay as aforesaid: Provided always that the right to exercise such option shall not apply to the undrawn portion (if any) of the capital of the company raised for the purposes of the railway and bearing interest, which portion is to be repaid to the company with interest, under the provisions in that behalf hereinbefore contained, in case the company shall relinquish or be deprived of the railway and works as aforesaid.

Return of surplus.

26. That if, after the railway and works, including the telegraphs, if required, shall have been altered, completed, and furnished with adequate working stock, the whole of the capital raised by the company for the railway, shall not have been required for the purposes of the said capital account, the surplus thereof shall, to the extent to which the same shall have been paid into the Bank of England to the account of the Secretary of State in Council or into the treasury in India, be refunded to the company in London with such interest (if any) as shall be due on such capital at the time and thereupon the aforesaid covenants, for payment of interest, shall no longer apply to the capital which shall have been so refunded.

Sanction of the Secretary of State in Council.

27. That any notice, direction, approval, or sanction to be given or signified on the part of the Secretary of State in Council, for any of the purposes of these presents, shall be sufficient and binding if signed by the Secretary of State for India, or one of his under secretaries, or by the Secretary of Government at Madras, or by any other officer or servant duly authorised to act on behalf of the Secretary of State in Council, in respect to the matters to which the same shall relate, and the Secretary of State in Council, shall not in any case be bound in respect of matters aforesaid, unless by some writing signed in the manner before mentioned.

Railway office in India and agent.

28. That the company shall keep an office at all times hereafter during the said term established at Madras, or any such other place or places as shall be agreed upon between the Secretary of State in Council and the company, and shall keep at the said office an authorised agent or authorised agents with whom the Secretary of State in Council and the Government at Madras, or other officer or officers deputed in that behalf, may communicate on affairs concerning the railway and all drafts drawn by the said agent or agents, and all receipts of acts done by such agent or agents on behalf of the company, or concerning the railway and works, and the affairs thereof shall be binding on the company, and every notice to be given to the company shall be sufficiently given if left at the said office, or personally served on such agent or agents.

Legislation in India.

29. That the Secretary of State in Council shall promote the passing by the Legislative Council of the Governor General of India in Council, of any Act or Acts which shall be necessary or convenient for enabling the company to fulfil in India the object of their undertaking, according to the terms and provisions of these presents, and the said company shall be subject to any enactment for the regulation of the affairs of railways which may be passed by the said Legislative Council.

In witness Whereof, William Urquhart Arbuthnot, Esquire, and Sir James Weir Hogg, Baronet, being two members of the Council of India, and the said Sir Rowland Macdonald Stephenson, Knight, George Norton, James Alexander, Henry Brockett, Charles James Green, and Henry Kimber, have hereunto set their hands and seals, and the Indian Tramway Company (Limited), and the Carnatic Railway Company (Limited), have hereunto caused their respective common seals to be affixed the day and year first above written.

SPECIAL
R E P O R T

FROM THE

SELECT COMMITTEE

ON THE

EAST INDIAN RAILWAY BILL;

TOGETHER WITH THE

PROCEEDINGS OF THE COMMITTEE,

MINUTES OF EVIDENCE,

AND APPENDIX.

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Ordered, by The House of Commons, to be Printed,
13 June 1879.

Ordered,—[*Wednesday, 12th March 1879*]:—THAT the EAST INDIAN RAILWAY BILL be read a second time, and committed to a Select Committee of Seven Members, Four to be nominated by the House, and Three by the Committee of Selection.

Resolved,—[*Monday, 10th March 1879*]:—“ THAT it is expedient to authorise the creation of an Annuity of One Million Four Hundred and Seventy-three Thousand Seven Hundred and Fifty Pounds, to be charged on and payable out of the Revenues of India, for the purpose of the purchase by the Secretary of State in Council of the Undertaking of the East Indian Railway Company, which may become payable under the provisions of any Act of the present Session to enable the Secretary of State in Council and the East Indian Railway Company to enter into Contracts for the purchase of the Undertaking of the East Indian Railway Company, and for other purposes in relation to such Company.”

Instruction to the Committee on the East Indian Railway Bill, That they have power to make provision therein pursuant to the said Resolution.

Committee nominated—[*Wednesday, 19th March 1879*]:—of—

Lord George Hamilton.	}	Nominated by the House, 19th March.
Mr. Fawcett.		
Mr. Hubbard.		
Mr. Campbell-Bannerman.		
Mr. Grantham.		Added, 25th March.
Mr. Muntz.		Added, 28th March.
Sir John Lubbock, discharged 28th March.	}	Added by the Committee of Selection, 21st March.
Sir Henry Peek.		
Mr. Edward Ridley, discharged 25th March.		

Ordered,—[*19th March*]:—THAT the Committee have power to send for Persons, Papers, and Records.

THAT Three be the Quorum of the Committee.

Ordered,—[*Tuesday, 25th March 1879*]:—THAT Mr. Ridley be discharged from attendance on the Committee.

THAT Mr. Grantham be added to the Committee.

Ordered,—[*Friday, 28th March 1879*]:—THAT Sir John Lubbock be discharged from attendance on the Committee.

THAT Mr. Muntz be added to the Committee.

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SPECIAL REPORT.

THE SELECT COMMITTEE ON EAST INDIAN RAILWAY BILL, who were empowered to make provision therein, pursuant to a Resolution of the House of the 10th March last;—**HAVE** agreed to the following Special Report:—

YOUR Committee having taken evidence from witnesses representing the India Office and the East Indian Railway Company, and having gone through the clauses of the Bill, find the different points connected with the arrangement embodied in the Bill to be of so great intricacy and importance that they make this Special Report on the subject to The House.

The Bill in question is to affect the acquisition by the Indian Government of the East Indian Railway, including the Jubbulpore Branch, and to give additional power to the Secretary of State in Council and the East Indian Railway Company to enter into contracts for the working of the said and other lines.

The share capital of the Railway Company is at present 26,200,000 *l.*, with debentures and debenture stock to the amount of 4,450,000 *l.* These sums have been raised under various Acts of Parliament by contracts entered into by the East India Company and the Secretary of State in Council with the East Indian Railway Company, the share capital bearing a guaranteed interest of 5 per cent., payable in London by the Secretary of State for India, and the debentures a somewhat lower rate of interest.

The railways constructed with this capital consist, first, of the main line running from Calcutta to Delhi, and secondly, of a branch line made some years afterwards from Allahabad to Jubbulpore.

In addition to the guaranteed interest of 5 per cent., the share capital was entitled to half the net profits derived from the working of the line in each half year when they exceeded the guaranteed 5 per cent., the remaining moiety of the surplus receipts being taken by the Government.

The total dividend earned by this Company during the last five years, including the Government share, was—

										<i>£.</i>	<i>s.</i>	<i>d.</i>
1874	-	-	-	-	-	-	-	-	-	7	15	-
1875	-	-	-	-	-	-	-	-	-	5	13	10
1876	-	-	-	-	-	-	-	-	-	7	6	-
1877	-	-	-	-	-	-	-	-	-	9	8	-
1878	-	-	-	-	-	-	-	-	-	7	15	-

and in consequence of these large earnings the shares of the company reached a high quotation in the money market, at one time as much as 152.

The working expenses of the line during this period were, under the management of the company, very low, varying from 38 to 31 per cent. of the gross receipts.

Under the original contract, the Indian Government granted to the Company a lease of 99 years for the working of the line; at the end of which period the line reverted to the Government at certain stated intervals, viz., every 25 years from the granting of the lease, the Government had the option of purchasing the line, and during the whole period of the lease the Company had the power of surrendering the line to the Government, and receiving from them the capital expended, provided such surrender took place six months before the expiration of the lease.

In the event of the Government deciding to purchase the line, the price to be paid was not the capital expended, but a sum equal to the "full amount of all the value of all the shares or capital stock in the said railway company, calculated according to the mean market value in London of such shares or stock respectively for the three years immediately preceding the expiration of the said period of 25 years."

By a subsequent clause of the contract in every case where the Secretary of State for India shall, before the expiration of the said term of 99 years, "become bound to repay the capital expended by the said railway company," or "to pay for the purchase of the said railway, works and stock," he had the option of paying by an annuity to run for the remainder of the lease, "the rate of interest which shall be used in calculating such annuity being determined by the average rate of interest during the preceding two years in London upon public obligations of the East India Company, which shall be ascertained by reference to the Governor or Deputy Governor of the Bank of England for the time being." In a subsequent contract the words "Governor and Deputy Governor" occur.

In February 1880 the first 25 years of the lease having elapsed, the Secretary of State for India would have been able, under these conditions, to have acquired possession of the main line, but not of the branch line to Jubbulpore, it having been commenced four years later.

The Government of India and the Secretary of State for India in Council, after full deliberation, arrived at the conclusion that they should not allow their powers of purchase to lapse, at the same time they both concurred in wishing to prolong the existing direction, it being, in their opinion, most undesirable to attempt the experiment of working so large a railway undertaking through State agency.

As, under the terms of the existing contract, no such arrangement was contemplated, negotiations were opened by the Secretary of State with the company some time previous to the date at which his powers of purchase would legally accrue; the object of such negotiations being twofold: first, to obtain simultaneous possession of the branch as well as of the main line; and, secondly, to continue the company as the managing authority of the property thus acquired.

With the view of carrying out these objects, proposals were made by the Secretary of State on the 1st November 1878 in a letter and memorandum contained in the preamble of the Bill (*vide* page 13), and the terms of purchase and of future management embodied in this memorandum were accepted by the Company at a general meeting held for that purpose on the 19th November 1878.

The terms agreed upon by the contracting parties, for the purchase of both lines were "(1.) That the purchase be made by means of an annuity, terminable on the 14th of February 1953, calculated on a rate of interest of 4 l. 6 s. per cent. on a commuted price of 125 l. per 100 l. of capital stock, which gives, including 4 s. for redemption of capital, an annuity of 5 l. 12 s. 6 d. for each 100 l. of capital stock so commuted at 125 l.; and (2.) the option was given to the shareholders to capitalise one-fifth of the said annuity, in order to constitute a new company, the shareholders and directors of which should have a direct personal interest in the future economical working of these lines.

In considering these terms the first difficulty with which your Committee was confronted is the fact, that whatever opinion they might form upon the details of the proposed purchase, they had, practically, no power whatever of enforcing

THE EAST INDIAN RAILWAY BILL.

enforcing such opinion upon the two contracting parties. Moreover, the only test which your Committee could apply to the proposed terms of purchase was a comparison between them and those contained in the original contracts, but the obscurity of certain essential clauses of those documents renders their legal meaning a matter of doubt to your Committee, who have no authority to hear other than counsel of the parties interested, both of whom concurs in the interpretation of these clauses as adopted in the aforesaid memorandum. Your Committee cannot but express their regret that the Secretary of State in Council did not on all these points obtain an interpretation from some independent legal authority before acting, as in some instances appears to have been done, upon an interpretation which increases the cost of acquiring possession of the railway.

The India Office and the Railway Company agreed that the rate of interest to be applied to the computation of the annuity, should be arrived at in the following way, viz., that all bonds, stock, and other public obligations of the Secretary of State payable in London should be taken at par, and in the aggregate divided by the aggregate interest payable thereon.

By adopting this calculation, a rate of interest of 4 *l.* 6 *s.* per cent. was arrived at. At the present moment the Indian Four per cent. Stock is above par, but a 5 per cent. loan of 17,500,000 *l.*, which is redeemable, if the Secretary of State thinks fit, in 1880, abnormally raised the rate of interest under the above calculation to 4 *l.* 6 *s.*

Had the rate of interest applied to the computation of the annuity been ascertained by taking the average rate of interest at which the Secretary of State effectively raised the money he borrowed during the same two years, the rate would have been 3 *l.* 18 *s.* 5 *d.*, instead of 4 *l.* 6 *s.*, and the annuity would have been 1,364,313 *l.*, instead of 1,473,750 *l.*

By purchasing the Jubbulpore line now, the interest of the annuity for the repayment of that portion of the East Indian Railway capital is calculated at the rate of 4 *l.* 6 *s.* If the purchase had been delayed the annuity for this portion of the line would, according to the calculation of the India Office, have been 10,000 *l.* per annum less than the sum now proposed to be paid. The financial advantage to the State of having both lines under the same management was the plea advanced by official witnesses as sufficient to counterbalance this additional charge.

These proposals were defended by the official witnesses from the India Office on grounds of general policy. Their contention was, that if the East Indian Railway continued to yield the profits of the past five years the transaction would, financially, be favourable to the Government, and that the most likely means to ensure a continuance of these profits was to continue the existing management. Liberal terms had therefore been offered to the company to ensure their co-operation. Although a rigid adherence to the terms of the contract, could they have been enforced, would have diminished the amount of the annuity payable to the company, yet, in the opinion of the Government, an abrupt dislocation of the present system of administration would probably have caused a falling off in the receipts more than sufficient to counterbalance the gain on the annuity.

The price at which the stock was taken was 125 *l.*, although the average market price of the three years preceding the negotiations was only 124 *l.* 3 *s.* 3 *d.* The larger price was defended on the ground that in the opinion of the India Office the opening of the negotiations prior to the period at which, by the contract, the Secretary of State could purchase, had unduly depreciated the market prices of the shares. Your Committee observe that the fall in price might, however, be due to other causes.

The whole of these arrangements, which, though apparently based upon the terms of the contract the fulfilment of which they anticipated, in some particulars deviate from it, are part of a public policy for which the Government of India must accept the entire responsibility. As the Government of India deliberately maintain that under the peculiar circumstances of the case these proposals will be more beneficial to them than literal adherence to the time and terms of the existing contract, and that they have been purposely made to

obviate that contingency, your Committee cannot take upon themselves the responsibility of rejecting the Bill.

For the purpose of regulating the future relations of the Government with the Company, fresh powers of contract have been conferred upon both parties by certain clauses of the Bill. In the opinion of your Committee, the greatest caution and care must be exercised in framing these new agreements; and your Committee, taking into consideration the new and complicated conditions under which this railway undertaking must be worked and controlled, recommend (1), That the whole and undivided time of one Government Director upon the Board be given to the discharge of his duties, and (2), That his remuneration be paid out of the revenues of the undertaking.

Your Committee especially wish to bring to the notice of the House the exceptionable character of this Bill, with which they have had the greatest difficulty in dealing, the practice and procedure of Private Bill legislation being wholly unsuited to a measure of this kind.

The subject-matter of the Bill is essentially a great question of public policy, and yet it is equally true that the form of the arrangement between the Secretary of State and the Railway Company brings it properly within the category of Private Bills. Your Committee have felt that so large a public question as this, in which a public interest exists, of which Parliament is the proper guardian, outside of any arrangement between contracting parties, ought to be dealt with in a Public Bill. They would therefore submit that in future cases of this nature where legislation is required, the form of a Public Bill should be adopted. A statement of the reasons for placing a permanent charge or annuity upon the revenues of India would then be publicly made by those responsible for the administration of India, and the House would then be able in a manner which is altogether outside the province or capacity of a Committee upon a Private Bill, to consider and weigh the merits of the public policy so expounded.

Although under the exceptional circumstances already detailed, your Committee have passed the preamble of this Bill and amended its clauses, they wish it to be distinctly understood that their proceedings in reference to it must not in any way be supposed to define or create a precedent for defining the terms upon which, under other similar contracts, the Secretary of State for India may hereafter, by payment of an annuity, or otherwise, acquire possession of other similarly situated guaranteed railways in India.

13 June 1879.

REPORT ON THE BILL.

LORD GEORGE HAMILTON reported from the Select Committee on the East Indian Railway Bill :

That the Bill does not authorise the construction of any new works.

That there are no other circumstances which, in the opinion of the Committee, it is desirable that the House should be informed.

Lord George Hamilton further reported from the Committee :

That they had examined the allegations contained in the Preamble of the Bill, and amended the same by adding at the end thereof the words, "And whereas the Company are possessed of or may be or become entitled to the property mentioned in the Schedule to this Act annexed, and such property does not form part of the undertaking or property intended to be purchased by and transferred to the Secretary of State under the provisions of this Act, and it is expedient to make provisions to enable the Company to deal therewith," and found the same, as amended, to be true, and had gone through the Bill, and made amendments thereunto.

13 June 1879.

PROCEEDINGS OF THE COMMITTEE.

Friday, 28th March 1879.

MEMBERS PRESENT:

Lord George Hamilton.	Mr. Campbell-Bannerman.
Sir Henry Peek.	

Lord GEORGE HAMILTON was called to the Chair.

The Committee deliberated.

[Adjourned till Tuesday next, at a quarter-past Twelve o'clock.]

Tuesday, 1st April 1879.

MEMBERS PRESENT:

Lord GEORGE HAMILTON in the Chair.

Mr. Fawcett.	Sir Henry Peek.
Mr. Muntz.	Mr. Grantham.
Mr. Hubbard.	Mr. Campbell-Bannerman.

Preamble read the first time.

Counsel for the Bill:—Mr. *Round*, Mr. *Crawford*, and Mr. *Mansell Jones*.

Agents:—Messrs. *Sherwood & Co.*

The Petition of Sir R. M. Stephenson was read, but not appeared upon.

Room cleared.

The Committee deliberated.

Resolved,—That the Committee will not hear Counsel, but will proceed to examine Mr. *Juland Danvers*.

Mr. *Danvers* was sworn, and examined.

Mr. *R. M. Crawford* was sworn, and examined.

[Adjourned till To-morrow, at Half-past Twelve o'clock.]

Wednesday, 2nd April 1879.

MEMBERS PRESENT:

Lord GEORGE HAMILTON in the Chair.

Mr. Muntz.	Mr. Hubbard.
Mr. Grantham.	Mr. Fawcett.
Sir Henry Peek.	Mr. Campbell-Bannerman.

Room cleared.—The Committee deliberated.

Resolved,—That the evidence of Mr. *Crawford* be continued.

Mr. *Crawford* was further examined.

[Adjourned till Tuesday, the 22nd April,
at Half-past Twelve o'clock.]

Tuesday, 22nd April 1879.

MEMBERS PRESENT:

Lord GEORGE HAMILTON in the Chair.

Sir Henry Peek.
Mr. Fawcett.
Mr. Muntz.

Mr. Grantham.
Mr. Hubbard.

Sir Louis Mallet and Mr. Cave Browne were sworn, and examined.

[Adjourned till Friday next, at Half-past Twelve o'clock.]

Friday, 25th April 1879.

MEMBERS PRESENT:

Lord GEORGE HAMILTON in the Chair.

Sir Henry Peek.
Mr. Grantham.
Mr. Fawcett.

Mr. Muntz.
Mr. Hubbard.

Sir Louis Mallet was further examined.

[Adjourned till Tuesday, the 6th May,
at Half-past Twelve o'clock.]

Tuesday, 6th May 1879.

MEMBERS PRESENT:

Lord GEORGE HAMILTON in the Chair.

Sir Henry Peek.
Mr. Fawcett.
Mr. Muntz.

Mr. Grantham.
Mr. Campbell-Bannerman.
Mr. Hubbard.

The Committee deliberated.

[Adjourned till Tuesday next, at Half-past Twelve o'clock.]

Tuesday, 13th May 1879.

MEMBERS PRESENT:

Lord GEORGE HAMILTON in the Chair.

Mr. Fawcett.
Mr. Campbell-Bannerman.
Mr. Muntz.

Sir Henry Peek.
Mr. Grantham.
Mr. Hubbard.

The Committee deliberated.

Motion made, and Question proposed, "That, having received evidence as to the several points in which the agreement embodied in the Bill differs from, or is in accordance with, the original contract, the Committee do now proceed to take evidence in explanation of the reasons which have induced the Government to enter into this fresh arrangement with
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the Company, and also as to the conditions which are to govern their future relations with each other in the management of the railway"—(Mr. Campbell-Bannerman):—

Amendment proposed, in line 3, after the word "take," to insert the word "further"—(Lord George Hamilton):—

Question put, "That the word 'further' be there inserted."—The Committee divided:

Ayes, 3. Mr. Hubbard. Sir Henry Peek. Mr. Grantham.	Noes, 3. Mr. Campbell-Bannerman. Mr. Muntz. Mr. Fawcett.
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Whereupon the Chairman declared himself with the *Ayes*.

Another Amendment proposed, in lines 3—5, to leave out the words "in explanation of the reasons which have induced the Government to enter into this fresh arrangement with the Company, and also"—(Sir Henry Peek):—

Question put, "That the words proposed to be left out stand part of the Question."—The Committee divided:

Ayes, 4. Mr. Fawcett. Mr. Muntz. Mr. Grantham. Mr. Campbell-Bannerman.	Noes, 2. Mr. Hubbard. Sir Henry Peek.
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Another Amendment proposed, in line 5, to leave out from the word "also" to the end of the Question, in order to add the words: "That before considering the clauses relating to the relations of the Government and the Company, in the future management of the Railway, further evidence should be taken"—(The Chairman):—

Question put, "That the words proposed to be left out stand part of the Question."—The Committee divided:

Ayes, 3. Mr. Fawcett. Mr. Campbell-Bannerman. Mr. Muntz.	Noes, 3. Sir Henry Peek. Mr. Hubbard. Mr. Grantham.
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Whereupon the Chairman declared himself with the *Noes*.

Words added.

Main Question, as amended, put:—

Resolved,—"That, having received evidence as to the several points in which the Agreement embodied in the Bill differs from, or is in accordance with the original contract, the Committee do now proceed to take further evidence in explanation of the reasons which have induced the Government to enter into this fresh arrangement with the Company, and also that before considering the clause relating to the relations of the Government or the Company, in the future management of the Railway, further evidence should be taken."

Motion made, and Question,—“That in the event of the preamble and clauses of this Bill being passed by the Committee a special report be made to The House, stating the exceptional position in which the Committee found themselves placed, and giving the reasons for the course they adopted”—(The Chairman)—put, and agreed to.

[Adjourned till Friday next, at Half-past Twelve o'clock.

Tuesday, 20th May 1879.

MEMBERS PRESENT:

Lord GEORGE HAMILTON in the Chair.

Mr. Muntz. Mr. Campbell-Bannerman. Mr. Fawcett.	Mr. Hubbard. Sir Henry Peek. Mr. Grantham.
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The Marquis of Salisbury, K.G. (attending by permission of the House of Lords), was sworn, and examined.

The Viscount Cranbrook (attending by permission of the House of Lords), was sworn, and examined.

Room

Room cleared:—The Committee deliberated.

Preamble read a second time, and amended by adding at the end thereof the words, "And whereas the Company are possessed of or may be or become entitled to the property mentioned in the Schedule to this Act annexed, and such property does not form part of the undertaking or property intended to be purchased by and transferred to the Secretary of State under the provisions of this Act, and it is expedient to make provisions to enable the Company to deal therewith":—

Question, "That the Preamble, as amended, is proved"—put, and *agreed to*.

[Adjourned till Friday next, at Half-past Twelve o'clock.

Friday, 23rd May 1879.

MEMBERS PRESENT :

Lord GEORGE HAMILTON in the Chair.

Mr. Fawcett.
Mr. Hubbard.
Sir Henry Peek.

Mr. Muntz.
Mr. Campbell-Bannerman.
Mr. Grantham.

The Committee proceeded with the Clauses of the Bill.

Clause 1, *agreed to*.

Clause 2, *postponed*.

Clauses 3-5, *agreed to*, with Amendments.

Clause 5 A, *postponed*.

Clause 6.—Amendment proposed, in line 27, to leave out the words, "One million four hundred and seventy-three thousand seven hundred and fifty pounds, being at the rate of four pounds ten shillings," in order to insert the words "One million three hundred and sixty-four thousand three hundred and ten pounds, being at the rate of four pounds three shillings and threepence three farthings":—(Mr. Fawcett):—instead thereof:—

Question put, "That the words proposed to be left out stand part of the clause":—
The Committee divided:

Ayes, 3.
Sir Henry Peek.
Mr. Hubbard.
Mr. Grantham.

Noes, 3.
Mr. Fawcett.
Mr. Muntz.
Mr. Campbell-Bannerman.

Whereupon, the Chairman declared himself with the *Ayes*.

Another Amendment proposed, in line 31, to leave out the words "at the agreed value of One hundred and twenty-five pounds," in order to insert the words "One hundred and twenty-four pounds Three shillings and threepence, being the mean price of the three preceding years":—(Mr. Fawcett):—

Question put, "That the words proposed to be left out stand part of the Clause":—
—The Committee divided:

Ayes, 3.
Sir Henry Peek.
Mr. Hubbard.
Mr. Grantham.

Noes, 3.
Mr. Fawcett.
Mr. Campbell-Bannerman.
Mr. Muntz.

Whereupon the Chairman declared himself with the *Ayes*.

Question, "That the Clause stand part of the Bill,"—put, and *agreed to*.

Clauses 7—21, *agreed to*, with Amendments.

Clause 22.—Amendment proposed to leave out Sub-section B:—(Mr. Muntz):—

Question, That Sub-section B. stand part of the Clause,—put, and *negatived*.

[Adjourned till Tuesday next, at Half-past Twelve o'clock.

Tuesday, 27th May 1879.

MEMBERS PRESENT :

Lord GEORGE HAMILTON in the Chair.

Mr. Muntz.
Mr. Fawcett.
Sir Henry Peek.

Mr. Hubbard.
Mr. Campbell-Bannerman.

Clause 22, further considered.

[Adjourned till Wednesday, the 11th of June, at Twelve o'clock.

Wednesday, 11th June 1879.

MEMBERS PRESENT :

Lord GEORGE HAMILTON in the Chair.

Sir Henry Peek.
Mr. Fawcett.
Mr. Grantham.

Mr. Campbell-Bannerman.
Mr. Muntz.
Mr. Hubbard.

Clause 22, further considered, and *amended* :—

Sub-section H.—Amendment proposed, in line 2, to leave out the words “ A Government Director,” in order to insert the words “ one or more Government Directors ”:—(Mr. *Muntz*):—instead thereof :—

Question, “ That the words proposed to be left out stand part of the Clause ”—put, and *negatived* :—Words inserted :—

Clause, as amended, *agreed to*.

Clause 2, amended, and *agreed to*.

Remaining clauses, with Amendments, *agreed to*.

SCHEDULE, *agreed to*.

DRAFT REPORT, proposed by the *Chairman*, read the first time, as follows :—

“ 1. YOUR Committee having been appointed to consider this Railway Bill, consider it necessary to make this Report, in order that their action may not be liable to future misunderstanding.

“ 2. The Bill in question is to facilitate the acquisition by the Indian Government of the East Indian Railway, and to give additional power to the Secretary of State in Council and the East Indian Railway Company to enter into future contracts for the working of the said and other lines, and for the raising of capital for railway purposes.

“ 3. The share capital of the East Indian Railway Company is at present 26,200,000 *l.*, with debentures and debenture stock to the amount of 4,450,000 *l.* These sums have been raised under various Acts of Parliament by contracts entered into by the East India Company and the Secretary of State in Council and the East Indian Railway Company, the share capital bearing a guaranteed interest of 5 per cent., payable in London by the Secretary of State for India, and the debentures a somewhat lower rate of interest.

“ 4. The railways constructed with this capital consist, first, of the main line running from Calcutta to Delhi, and secondly, of a branch line made some years afterwards from Allahabad to Jubbulpore.

“ 5. In addition to the guaranteed interest of 5 per cent. the share capital was entitled to half the net profits derived from the working of the line when they exceed the guaranteed

guaranteed 5 per cent., the remaining moiety of the surplus receipts being taken by the Government.

“ 6. The total dividend earned by this Company during the last five years, including the Government share, was—

	£.	s.	d.
1874	-	-	7 15 -
1875	-	-	5 13 10
1876	-	-	7 6 -
1877	-	-	9 8 -
1878	-	-	7 15 -

And in consequence the shares of the company reached a high quotation in the money market, at one time as much as 132.

“ The working expenses of the line during this period were, under the management of the company, very low, varying from 38 to 31 per cent. of the gross receipt.

“ 7. Under the original contract, the East India Company granted to the Company a lease of 99 years for the working of the line. At certain stated intervals, viz., every 25 years from the granting of the lease, the Government had the option of purchasing the line, and during the whole period of the lease the company had the power of surrendering the line to the Government, and receiving from them the capital expended, provided such surrender took place six months before the expiration of the lease.

“ 8. In the event of the Government deciding to purchase the line, the price to be paid was not the capital expended, but a sum equal to the ‘full amount of all the value of all the shares or capital stock in the said railway company, calculated according to the mean market value in London of such shares or stock respectively for the three years immediately preceding the expiration of the said period of 25 years.’

“ 9. By a subsequent clause of the contract in every case where the Secretary of State for India shall, before the expiration of the said term of 99 years, become bound to repay the capital expended by the said railway company, ‘or to pay for the purchase of the said railway, works and stock,’ he had the option of paying by an annuity to run for the remainder of the lease, ‘the rate of interest which shall be used in calculating such annuity being determined by the average rate of interest during the preceding two years in London upon public obligations of the East India Company, which shall be ascertained by reference to the Governor or Deputy Governor of the Bank of England for the time being.’ In the subsequent contract the words ‘Governor and Deputy Governor’ occur.

“ 10. In February 1880 the first twenty years of the lease having elapsed, the Secretary of State for India would have been able, under these conditions, to have acquired possession of the main line, but not of the branch line to Jubbulpore, it having been commenced some years later.

“ 11. The Government of India and the Secretary of State for India had, after full deliberation, arrived at the conclusion that they could not allow their powers of purchase to lapse, at the same time they both concurred in wishing to prolong the existing direction, it being, in their opinion, most undesirable to suddenly attempt the experiment of working so large a railway undertaking through State agency.

“ 12. As, under the terms of the existing contract, no such arrangement was possible, negotiations were opened by the Secretary of State with the company some time previous to the date at which his powers of purchase would legally accrue; the object of such negotiations being twofold: first, to obtain simultaneous possession of the branch as well as of the main lines; and, secondly, to continue the company as the managing authority of the property thus acquired.

“ 13. With the view of carrying out these objects, proposals were made by the Secretary of State on the 1st November 1878 in a letter and memorandum contained in the preamble of the Bill (page 7), and the terms of purchase and of future management embodied in this memorandum were accepted by the company at a general meeting held for that purpose on the 19th November 1878.

“ 14. The terms, therefore, agreed upon by both the contracting parties, consisted of the proposal and acceptance of an annuity of 73 years, calculated at a rate of interest of 4 l. 6 s. per cent. for the purchase of both lines; and secondly, of the formation by a capitalisation of one-fifth of the annuity of a constituent body, the shareholders, directors of which should have a direct personal interest in the future economical working of these lines.

“ 15. These proposals were justified by Sir Louis Mallet, the Under Secretary of State for India, on grounds of general policy. If the East Indian Railway continued to yield the profits of the past five years, the transaction would, financially, be favourable to the Government, and the most likely means to ensure a continuance of these profits was, in the opinion of the Government, to continue the existing management. Liberal terms had
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therefore been offered to the company to ensure their co-operation. Although a rigid adherence to the terms of the contract might have diminished the amount of the annuity payable to the company, yet an abrupt dislocation of the present system of administration would probably have caused a falling off in the receipts more than sufficient to counterbalance the gain on the annuity.

“ 16. In the opinion of your Committee, the different parts of the proposed arrangement cannot be disconnected, but must be considered together. The first difficulty with which your Committee is confronted is the fact, that whatever opinion they may form upon the details of the proposed arrangement, they have, practically, no power whatever of enforcing any such opinion upon the two contracting parties, except by rejecting the scheme in its entirety. Moreover, the only test which your Committee could apply to the proposed terms of purchase is a comparison between them and those contained in the original contracts, but the extreme obscurity of certain essential clauses of those documents renders their correct legal interpretation a matter of impossibility to your Committee, who have no authority to hear other than counsel of the parties interested, both of whom have concurred in their interpretation of these words, whilst an expression of opinion emanating from your Committee could in no sense have the authority of a legal decision.

“ 17. As regards the rate of interest of the annuity, it was arrived at in the following way, viz., that all bonds, stock, and other public obligations of the Secretary of State payable in London were taken at par, and in the aggregate divided by the aggregate interest payable thereon.

“ 18. By this interpretation, a rate of interest of 4*l.* 6*s.* per cent. was concurrently arrived at, both by the India Office and the East Indian Railway Company. At the present moment, the Indian Four per cent. Stock is slightly above par, but a 5 per cent. loan of 17,500,000*l.*, which is redeemable, if the Secretary of State thinks fit, in 1880, abnormally raised the rate of interest under the above calculation to 4*l.* 6*s.*

“ 19. The extreme obscurity of the words of the annuity clause renders it capable of several different interpretations, and the financial effect of which is shown in the following table:—

“ STATEMENT showing the ANNUITY that might be payable to the EAST INDIAN RAILWAY COMPANY, for 73 Years, calculated at different Rates of Interest.

	Taking the Average Rate of Interest paid by the Secretary of State in Council in London, during the Two Years from 1st November 1876, to 31st October 1878, on his Public Obligations.	Taking the Average Rate of Interest received by Purchasers of Public Obligations of the Secretary of State in Council in London, during the same Two Years, without reference to the terminable character of the Obligations.	Taking the Average Rate of Interest at which the Secretary of State in Council has raised Money on Obligations in London, during the same Two Years, the Premium being taken in Reduction of Interest during the Period of each Loan, but East India Bonds being treated as a perpetual Security.	Taking the Average Rate of Interest received by Purchasers of Public Obligations of the Secretary of State in Council in London, during the same Two Years, the Premium being taken in Reduction of Interest during the period of each Loan, but East India Bonds being treated as a perpetual Security.
	£. s. d.	£. s. d.	£. s. d.	£. s. d.
Rate of Interest per Cent. of Stock	4 6 -	4 4 1	3 18 5	3 14 4½
Additional payment for Redemption of Capital.	- 4 -	- 4 3	- 4 10½	- 5 5
Annuity (payable half-yearly) on 100 <i>l.</i> Stock.	4 10 -	4 8 4	4 3 3½	3 19 9½
Annuity (payable half-yearly) on commuted price of 125 <i>l.</i> per 100 <i>l.</i> Stock.	5 12 6	5 10 5	5 4 1½	4 19 6½
Total Annual Amount payable to Company, for Purchase of 26,200,000 <i>l.</i> Stock.	1,473,750 - -	1,448,456 - -	1,384,310 - -	1,242,844 - -

“ 20. By purchasing the Jubbulpore line now, the interest of the annuity for the repayment of that portion of the East Indian Railway capital is calculated at the rate of 4*l.* 6*s.* If the purchase had been delayed the annuity for this portion of the line would, according to Sir Louis Mallet's calculation, have been 10,000*l.* per annum less than the sum now proposed to be paid. The financial advantage to the State of having both lines under the same management would, in his opinion, counterbalance this additional charge.

"21. The rate at which the stock was taken was 125*l.*, although the average market rate of the 20 months preceding the negotiations was only 121*l.* 3*s.* 3*d.* This was justified on the ground that the opening of the negotiations prior to the period at which, by the contract, the Secretary of State could purchase, had unduly depreciated the market prices of the shares, they having, in a few months, fallen from 132*l.* to 125*l.*

"22. The whole of these arrangements, which, though apparently based upon the terms of the contract they anticipated, in some particulars deviate from it, were prompted by motives of public policy which your Committee do not feel competent to discuss. If the Government of India deliberately maintain that under the peculiar circumstances of the case these proposals will be more beneficial to them than literal adherence to the time and terms of the existing contract, and that they have been purposely made to obviate that contingency, your Committee cannot take upon themselves the responsibility of rejecting them. Upon the executive of India must rest the responsibility of adopting this course, and your Committee are in no way inclined to interfere with that responsibility.

"23. Your Committee have, therefore, reported the allegations as proved in the Preamble, and have also considered the clauses of the Bill.

"24. At the same time they felt it their duty to make this Report, in order that their proceeding may not in any way be supposed to define or create a precedent for defining the terms upon which, under other similar contracts, the Secretary of State for India may hereafter, by payment of an annuity, or otherwise, acquire possession of other similarly situated guaranteed railways in India."

DRAFT REPORT, proposed by Mr. *Campbell-Bannerman*, read the first time, as follows:—

"YOUR Committee, having taken evidence from witnesses representing the India Office and the East Indian Railway Company, and having gone through the clauses of the Bill, find the different points connected with the arrangement embodied in the Bill to be of so great intricacy and importance that they make this Special Report on the subject to The House.

"1. The contract entered into between the East India Company and the Railway Company, in 1854, gave to the Indian Government the power to purchase the Undertaking of the Railway Company at the end of 25 years. That period elapses in February 1880, and it is now proposed that the Secretary of State in Council should exercise this right according to an agreement which has been arrived at between him and the Company.

"2. It was the first duty of your Committee to inquire how far this agreement was in accordance with the original contract, and the evidence they have received shows that it departs, or appears to depart, from the actual stipulations of the contract, in the following important respects, viz.:

"I. It is prescribed in the contract (Clause 22), that the 'value of all the shares or capital stock' of the Company shall, for the purposes of purchase, be 'calculated according to the mean market value in London of such shares or stocks respectively, during the three years immediately preceding the expiration of the said period of 25 years.' The calculation made upon this basis at the India Office gave the actual average price of 124*l.* 3*s.* 3*d.* But the price upon which the agreement in the Bill is founded is 125*l.*

"It is urged in support of this alteration that the imminence of the probable purchase had during part of that time unduly depressed the shares in the market. However this may be, the contract does not allow for any such consideration, and the amount involved in the difference is about 200,000*l.*

"II. The Secretary of State does not propose to pay the price of the undertaking in cash, but to adopt the alternative of an annuity as prescribed in Clause 25 of the contract. The annual sum agreed upon between the parties is to include not only interest upon the value of the stock, but also a sum of 4*s.* per cent. as a sinking fund for the repayment of the capital; and it might at first sight appear strange that such a provision should be made, seeing that by the original contract the property would by efflux of time lapse to the Government at the end of the 78 years which remain unexpired of the original lease. This fact, however, is modified in its bearing on the case by the further power given to the Company by Clause 21 of the contract, whereby they may at any time, on due notice, surrender to the Government their line and the property belonging to it, and claim from the Government repayment of all the capital expended upon it. Still it may fairly be doubted whether such a condition affects the ultimate rights of property beyond the par value of the stock, and whether, therefore, the terms of the agreement do not go beyond the contract to the extent of the 25*l.* premium recognised in the estimate of its present value.

" III. The remaining portion of the annual payment represents interest upon the purchase value of the stock, and this is a matter with regard to which your Committee have found considerable diversity of opinion. The Contract (Clause 25), lays down that the rate of interest to be used shall be 'determined by the average rate of interest during the preceding two years received in London upon public obligations of the East India Company, and which shall be ascertained by reference to the Governor and Deputy Governor of the Bank of England for the time being.' Your Committee have been informed, in the first place, that no application has been made to the Governor and Deputy Governor of the Bank of England. And with regard to the basis prescribed, the question arises, What is meant by the 'average rate of interest upon public obligations of the East India Company'? The Secretary of State and the Railway Company have proceeded upon the supposition that it means the nominal rate of interest, at par, on Indian Stocks; they found that there are 17,200,000 *l.* bearing 5 per cent. and 40,000,000 *l.* bearing 4 per cent., and the average of these was 4 *l.* 6 *s.*, which was accordingly taken as the rate to be used.

" It will be observed, however, that the words may be interpreted as meaning the rate at which the Secretary of State has actually raised money on obligations during the two years in question; or the market rate during those years, of interest on investments in Indian Funds; and other possible interpretations may be given to the words. The financial effect of these different interpretations is shown in the following Table, which has been laid before your Committee by the India Office:—

" STATEMENT showing the Annuity that might be payable to the EAST INDIAN RAILWAY COMPANY for 73 years, calculated at different Rates of Interest.

	Taking the Average Rate of Interest paid by the Secretary of State in Council in London, during the Two years, from 1st November 1876, to 31st October 1878, on his Public Obligations.	Taking the Average Rate of Interest received by Purchasers of Public Obligations of the Secretary of State in Council in London, during the same Two Years, without reference to the terminable character of the Obligations.	Taking the Average Rate of Interest at which the Secretary of State in Council has raised Money on Obligations in London, during the same Two Years, the Premium being taken in Reduction of Interest during the Period of each Loan, but East India Bonds being treated as a Perpetual Security.	Taking the Average Rate of Interest received by Purchasers of Public Obligations of the Secretary of State in Council in London, during the same Two Years, the Premium being taken in Reduction of Interest during the period of each Loan, but East India Bonds being treated as a Perpetual Security.
	£. s. d.	£. s. d.	£. s. d.	£. s. d.
Rate of Interest per Cent. of Stock	4 6 -	4 4 1	3 18 5	3 14 4½
Additional payment for Redemption of Capital.	- 4 -	- 4 3	- 4 10½	- 5 5
Annuity (payable half-yearly) on 100 <i>l.</i> Stock.	4 10 -	4 8 4	4 3 3½	3 19 9½
Annuity (payable half-yearly) on computed price of 125 <i>l.</i> per 100 <i>l.</i> Stock.	5 12 6	5 10 5	5 4 1½	4 19 8½
Total Annual Amount payable to Company, for Purchase of 26,200,000 <i>l.</i> Stock.	1,473,750 - -	1,446,458 - -	1,364,316 - -	1,242,044 - -

" It will be seen that the annual amount payable on the interpretation adopted in the Bill exceeds that which would be payable if the former of the two alternative interpretations just mentioned was adopted, by no less a sum than 109,440 *l.*, the capital value of which is upwards of 2½ millions sterling. A large amount of money is therefore involved in this issue; and the decision in this instance will doubtless rule future cases of a similar kind.

" As this is a pure question of legal interpretation, your Committee are unable to assume the responsibility of giving an opinion one way or other, having had no opportunity of being guided by independent legal advice.

" It would, of course, have been possible for the Secretary of State, before making the agreement with the Company, to have obtained an opinion as to the proper interpretation of this clause of the contract from some independent legal authority, and your Committee regret that this course was not adopted before an interpretation of the clause was accepted, which so largely increases the cost of acquiring the railway.

"IV. The rate of interest, determined as it is in the agreement, is accidentally enhanced by the fact that in the calculation is included a large loan of 17,200,000 *l.* at five per cent., which is to be paid off next year. And while this fact swells the sum to be paid in respect of the whole line, it has especially that effect in regard to the portion of capital included in the purchase-money for the Jubbulpore branch. The power of insisting under contract on the purchase of this portion of the property does not arise until 1883, and had the negotiation been deferred until that time, the rate of interest, calculated on the accepted basis, would not have included the five per cent. stock mentioned above; making a difference of 10,000 *l.* a-year, the capital value of which is 250,000 *l.*

"3. Your Committee have thought it right to indicate seriatim these several matters, in respect of which either a departure has avowedly been made from the exact terms of the contract, or an interpretation of those terms has been followed which is open to doubt. It will be observed that in each case where a variation has occurred, it has been in the direction of increasing the amount to be paid to the Company.

"4. The contract, however, does not contemplate the continuance of the relations between the State and the Company after the purchase has been made; and as the Secretary of State in Council is desirous to retain the services of the Company for the purpose of working the line, it has been thought necessary to supplement the purchase arrangement by a further agreement with the Company whereby the interest of the Company in the line is to be preserved.

"5. For this purpose, payment of a fifth part of the capital is to be suspended, and the shareholders who choose to accept this part of the proposal are to receive one-fifth part of the ultimate balance of surplus yearly profits, the remaining four-fifths being retained by the Government.

"6. Your Committee are unable to express an opinion whether or not this proposal may in itself be tempting to the shareholders or the reverse; and on this would, of course, depend the further question, whether it was or was not necessary, in order to induce its acceptance, to offer to the Company for the purchase of its undertaking better terms in some important respects than those prescribed in the original contract. This is, in plain words, the question whether or not a good bargain has been made in the interest of the Indian taxpayer with the shareholders of the Company; and as to this, your Committee have not the full means of judging. But they have at least received no proof in evidence that the conclusion of a satisfactory arrangement with the Company would have been incompatible with a closer adherence to the terms of the contract.

"In explanation of the policy involved in the Bill, it has been urged, on the part of the India Office, that for the Government to undertake the working and management of the railway would be highly inexpedient, and that therefore the services of the Company should be retained. In order, however, to ensure the success of such a plan it is necessary (as past experience proves) that the pecuniary interest of the shareholders of the Company in the profitable working of the line should be so substantial as to induce them to exert themselves fully in securing economical and efficient management; and although the financial prospects of the railway must be more or less a matter of speculation, the Secretary of State in Council has formed a favourable estimate of the probable future profits of the undertaking, and believes that the proportion of those profits assigned to the shareholders will constitute such a substantial interest in its prosperity as is required. The natural presumption from this circumstance would be, that the prospect of possessing such an interest would not have required other favourable conditions to be added to it in order to commend it to the acceptance of the shareholders of the Company.

"7. The greatest importance ought to be attached to the terms of the new contracts to be entered into between the Government and the Company for the purpose of regulating their future relations with each other.

"8. Your Committee have been informed as to the general outline of those contracts, but they have not had their detailed provisions submitted to them.

"9. Your Committee cannot conclude without bringing to the notice of your Honourable House the exceptional character of this Bill, with which they have had the greatest difficulty in dealing.

"10. The subject-matter of the Bill is essentially a great question of public policy, and yet it is equally true that the form of the arrangement between the Secretary of State and the Railway Company brings it properly within the category of Private Bills. Your Committee have felt that so large a public question as this, in which a public interest exists, outside of any arrangement between parties, of which interest Parliament is the proper guardian, ought to be dealt with in a Public Bill. They would therefore submit that in future cases of this nature, where legislation is required, the form of a Public Bill should be adopted."

MOTION MADE, and Question proposed, "That the Draft Report proposed by the Chairman be now read a second time, paragraph by paragraph"—(The *Chairman*).—Amendment proposed to leave out the words "The Chairman," in order to insert the words "Mr. Campbell-Bannerman," instead thereof—(Mr. *Campbell-Bannerman*):—

Question put, "That the words 'the Chairman' stand part of the Question:"—
The Committee divided:

Ayes, 3.		Noes, 3.
Mr. Hubbard.		Mr. Fawcett.
Sir Henry Peek.		Mr. Muntz.
Mr. Grantham.		Mr. Campbell-Bannerman.

Whereupon the Chairman declared himself with the *Ayes*.

Main Question put, and *agreed to*:—DRAFT REPORT proposed by the Chairman to be read a second time, paragraph by paragraph.

[Adjourned till Friday next, at Twelve o'clock.]

Friday, 13th June 1879.

MEMBERS PRESENT:

Lord GEORGE HAMILTON in the Chair.

Mr. Muntz.		Mr. Grantham.
Mr. Hubbard.		Mr. Campbell-Bannerman.
Sir Henry Peek.		Mr. Fawcett.

DRAFT REPORT proposed by the Chairman, read a second time, paragraph by paragraph.

Paragraph 1—5, *agreed to*, with Amendments.

Paragraph 6.—Amendment proposed, in line 8, to leave out the words "in consequence"—(Mr. *Muntz*):—

Question put, "That the words 'in consequence' stand part of the paragraph":—
The Committee divided:

Ayes, 5.		Noe, 1.
Mr. Fawcett.		Mr. Muntz.
Mr. Campbell-Bannerman.		
Sir Henry Peek.		
Mr. Hubbard.		
Mr. Grantham.		

Paragraph, as amended, *agreed to*.

Paragraphs 7—15, *agreed to*, with Amendments.

Paragraph 16.—Amendments made.—Amendment proposed at the end of the paragraph to add the words, "Your Committee cannot but express their regret that the Secretary of State in Council did not on all these points obtain an interpretation from some independent legal authority before acting, as in some instances appears to have been done, upon an interpretation which increases the cost of acquiring possession of the railway"—(Mr. *Campbell-Bannerman*).

Question put, That those words be there added.—The Committee divided:

Ayes, 4.		Noes, 2.
Mr. Fawcett.		Sir Henry Peek.
Mr. Muntz.		Mr. Hubbard.
Mr. Campbell-Bannerman.		
Mr. Grantham.		

Paragraph, as amended, *agreed to*.

Paragraphs 17 and 18, amended, and *agreed to*.

Paragraph 19, *disagreed to*.

Paragraph 20, amended, and *agreed to*.

Paragraph 21.—Amendments made.—Amendment proposed at the end of the paragraph, to add the words—"Your Committee would however observe that the fall in price might, however, be due to other causes"—(Mr. *Fawcett*):—

Question

Question put, That those words be there added.—The Committee divided :

Ayes, 3.
Mr. Fawcett.
Mr. Muntz.
Mr. Campbell-Bannerman.

Noes, 2.
Sir Henry Peek.
Mr. Hubbard.

Paragraph, as amended, *agreed to*.

Remaining paragraphs, *agreed to*, with Amendments.

Several new paragraphs *added*.

Question, That this Report, as amended, be the Special Report of the Committee to The House—put, and *agreed to*.

Bill, as amended, to be reported.

Ordered, To Report, together with the Minutes of Evidence, and an Appendix.

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 MINUTES OF EVIDENCE.

Tuesday, 1st April 1879.

MEMBERS PRESENT:

Mr. Campbell-Bannerman.
Mr. Fawcett.
Mr. Grantham.
Lord George F. Hamilton.

Mr. Hubbard.
Mr. Muntz.
Sir Henry Peek.

LORD GEORGE F. HAMILTON, IN THE CHAIR.

Mr. JULAND DANVERS, sworn; and Examined.

Chairman.

1. WHAT is your position in the India Office?
—I am the Government Director on the Boards of the Guaranteed Indian Railway Companies.

2. In that capacity you attend their various meetings?—I do.

3. As you are aware, this Bill has been referred to this Committee for consideration and for their Report; it will be necessary for us, in the first instance, before we consider the clauses, to have the Preamble proved; the first 13 pages of that Preamble consist simply of a recital of the various Acts and indentures by which the Company have been authorised to raise capital; perhaps the shortest way of proving that part of the Preamble will be for you to state to the Committee what the amount of capital of the East Indian Railway Company is at the present moment, and during what period it has been raised?—The capital of the East Indian Railway Company at this moment consists, in round numbers, of about 26,200,000 *l.* of share capital, with debentures and debenture stock to the amount of 4,450,000 *l.*

Mr. Hubbard.

4. That is in addition to the share capital?—Yes.

Chairman.

5. Do the first 12 pages of the Preamble contain a correct recital of the Acts, and of the amounts authorised under those Acts by which this capital has been raised?—I have every reason to think it quite correct; I may say that the amounts which are mentioned have been examined at the India Office in the Accountant General's Department, and have been reported as correct.

6. Has that report been made to you as Government Director?—Yes.

0.73.

Chairman—continued.

7. Therefore, you have every reason to believe that the recital in the Preamble is a correct recital?—Quite so. It has been examined also by the legal adviser to the Secretary of State.

8. The East Indian Railway has two lines, has it not?—It has; the main line extends from Howrah, that is to say Calcutta, up to Delhi, in the north-west, and there is a branch striking off from Allahabad to Jubbulpore.

9. The capital for the construction of the latter line was raised later than that for the other line, was it not?—It was; it was raised under a separate contract concluded between the Secretary of State and the Company in 1858.

10. Is that Act recited in the Preamble of this Bill?—Yes; you will find it in page 6.

11. Therefore the sums which you have given include the capital raised for the construction of the main line of the East India Railway Company, as well as for the Jubbulpore branch?—They do.

Mr. Muntz.

12. The guarantee recited is in sterling money, not in rupees?—It is.

13. What is the total length of both lines?—One thousand five hundred and three miles; that is, the two together. The main line is 1,280 miles; the Jubbulpore line is 223½ miles.

Mr. Fawcett.

14. How much of the line is double, and how much single?—Four hundred and eleven miles are double out of the whole length, and this double portion is all on the main line.

15. So that a line, of which nearly three-fourths is single, has been constructed at a cost, according to your figures, of 20,000 *l.* a mile?—Yes.

16. Is not that higher than the cost of almost

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Mr. *Fawcett*—continued.

any other railway, even in England?—It is less, I think, than the average cost of English lines by a good deal.

17. Of a single line?—I could not say positively, but I should think so.

18. It is not less than the cost of English lines if you reckon, as you must reckon, in India that nothing has been paid for the land?—I could not say.

19. As the past management of this Company must determine the question, or ought, at any rate, to have some effect in determining the question, whether they are the proper people to manage it in future, have not you ever compared the cost of this line with the cost of other railways in England?—Yes, I have. I do not recollect the figures with sufficient accuracy to enable me to give the result.

20. Considering it is a single line, and considering that nothing has been paid for the land, there has been no line in England of any length constructed which is so costly?—I am not prepared to accept that.

21. Are you prepared to assert the contrary?—No, not in the absence of figures, but my impression is what I have stated.

22. When you come next time, because it is a very important point, though I do not want to go into details, could you bring any figures which would clear up this point?—I will endeavour to do so.

Mr. *Muntz*.

23. There is one item I might add; you might take what the Grand Western and the North Western cost per mile, and how much difference it would be if it were merely a single line?—Yes.

Chairman.

24. We next come to powers for purchase, which under the original contract the Secretary of State possesses; will you state what those powers are?—I think they may be briefly stated as follows: First, at the end of the term of the contract, that is 99 years, the land on which the line is constructed with the works, reverts to the Government without payment; the rolling stock and equipment must be purchased at a valuation. Secondly, at any time after three months from the opening of any line for traffic the Company may give notice to the Secretary of State of their intention to surrender it, and on the expiry of six months the Secretary of State must pay to the Company the entire sum expended on the railway and duly passed to the capital account, and take possession of the railway. Thirdly, in the event of the Company committing a breach of contract, or failing to work or maintain the line to the satisfaction of the Secretary of State, or to provide the funds needed for its completion, the Secretary of State may take possession, paying the company the sum duly passed to the capital account. Fourthly, during the six months following the 25th year and the 50th year of the contract, the Secretary of State may give notice to the Company that he will purchase the railway, and on the half-yearly day next but one after such notice the Secretary of State may take possession of the railway, paying the Company an amount equal to the whole value of the paid-up capital expended on the undertaking, at the average market rate of the stock during the three years preceding the notice. Fifthly, the Company

Chairman—continued.

is bound to maintain the railway and its equipment in good working order, and to provide for its maintenance from the revenues of the railway, and the guaranteed interest, and on default of the Company so to maintain, the Secretary of State may execute any work, and deduct the cost thereof, from any interest or other monies payable to the Company. Sixthly, in every case in which, on the transfer of a railway to the Secretary of State, he is bound to pay a certain amount to the Company, this payment may, at the option of the Secretary of State, be made as an annuity for the residue of the term, such annuity being paid half-yearly, and being calculated on the basis of the average rate of interest received in London during the preceding two years on public obligations of the East India Company or Secretary of State in Council, which will be ascertained by a reference to the Governor and Deputy Governor of the Bank of England. In all cases debenture stock is excluded from the capital stock, and the liability for such debentures passes directly to the Secretary of State. This is an epitome of the clauses in the contract relating to the modes in which the transfer of the line to the Government may be carried out.

25. It is clear from the words which you have read that if the Company proposed to surrender their line to the Secretary of State, he has simply to recoup them the capital which they have expended; but if, on the other hand, the Secretary of State takes advantage of the powers, which at certain stated intervals he possesses, of purchasing the line, he then has to pay the average market value of the shares during the three preceding years?—Yes, it is so.

26. He has the option, if he exercises his powers of purchase, of either paying a lump sum down, or of converting it into an annuity?—Quite so.

27. In the present instance the Secretary of State has proposed to exercise or to make use of the annuity clause?—He has.

28. Will you state what the dividend upon the capital of the East Indian Railway Company has been during the past few years?—I am afraid I have not the figures before me, not knowing that I should be examined upon that point. I can give you last year's.

29. The Secretary of State, I believe, has guaranteed 5 per cent. interest upon the capital raised by the East India Company?—Five per cent. is the interest guaranteed upon most of the capital. The debentures which form part of the capital have been raised principally at 4 per cent.

30. There is an arrangement made between the Secretary of State and the Company by which, if the net receipts exceed that 5 per cent., a certain proportion went to the Company and a certain proportion to the Secretary of State; will you explain what that arrangement was?—The arrangement was that if the earnings of the Company were in excess of the amount paid by the Secretary of State in any one half-year for the guarantee, such excess was divided between the Secretary of State and the Company. This excess goes by the name of surplus profits.

31. As a matter of fact there have been no surplus profits?—Yes, there have been large surplus profits.

32. For some considerable period?—Yes.

33. Therefore,

Chairman—continued.

33. Therefore, putting out of sight all the questions of exchange, and assuming that the revenue received by the East India Company was paid in gold, the State have, during the past few years, made a considerable income out of it?—They have.

34. As regards the powers of purchase, the time has not yet arrived when the Secretary of State can purchase the Jubbulpore Branch?—No, it has not arrived. It so happens, as you are aware, by this Bill, negotiations have been going on and an arrangement has been made, by which the Jubbulpore part of the undertaking is included in the whole concern in this purchase.

35. Is there any difference in the market value of the Jubbulpore stock and the stock of the main line?—None whatever. There is no difference in the money market with reference to the two capitals. They are only kept separate as between the Government and the Company.

36. The Company propose to make an arrangement, by which the Secretary of State shall purchase on the same terms the Jubbulpore line as the shares in the main line?—Yes.

37. As regards this annuity, it is to run for the remainder of the lease between the Secretary of State and the Company?—Yes.

38. And that is, how long?—Seventy-three years.

39. The rate of interest at which it is to be calculated is what?—£.4. 6s.

40. How is the calculation to be made, according to the terms of the contract. Will you read out the actual words of the Act?—The annuity clause is Clause 25: "In every or any case in which under the provisions of these presents the East India Company shall, before the expiration of the said term of 99 years, become bound to repay the capital expended by the said railway company upon the said line of railway as aforesaid, or to pay for the purchase of the said line of railway works and stocks, it shall be lawful for the East India Company, instead of paying a gross sum of money in respect of the premises, to declare by notice to the said railway company in London, their option to pay an annuity to be reckoned from the time when the gross amount would be payable, and to continue during the residue of the said term of 99 years, and in that case such annuity shall be payable in London, on such two half-yearly days in the year as shall be selected by the East India Company in that behalf, with a fractional part for any broken half-year, the rate of interest which shall be used in calculating such annuity, which being determined by the average rate of interest during the preceding two years received in London, upon public obligations of the East India Company, which shall be ascertained by reference to the Governor and Deputy Governor of the Bank of England for the time being: Provided always, that the aforesaid option shall not apply to the undrawn portion of the capital of the said railway company received for the said line of railway, and paid into the Treasury of the East India Company, which portion is to be repaid to the said railway company with interest, under the provision in that behalf hereinafter contained, in case the said railway company shall relinquish or be deprived of the said railway and works aforesaid."

41. Therefore the rate of interest at which this

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Chairman—continued.

annuity was to be determined was the average rate received during the two preceding years upon the public obligations of the East India Company, or as it now is, the Secretary of State in Council?—Yes.

42. That was the payment which for 73 years the Secretary of State would have to make to the Company, and he, on the other hand, would have the power of receiving the whole net profits of the line?—Yes.

43. On the 1st November 1878, Sir Louis Mallet, the Under Secretary of State, wrote to Mr. Crawford a letter, which is contained in the Preamble?—Yes.

44. In that letter he states what you have already given us in evidence, that the Secretary of State proposed to purchase the line as well as the branch line to Jubbulpore; you were cognisant of that letter?—I was.

45. And this is a correct copy of it?—It is.

46. In the next page we come to the memorandum of terms which accompanied it. Perhaps it would be as well if you were to read those terms?—"First, that the purchase be made by means of an annuity, terminable on the 14th February 1953, calculated on a rate of interest of 4 l. 6 s. per cent. on a commuted price of 125 l. for 120 l. of capital stock, which gives, including 4 s. for redemption of capital, an annuity of 5 l. 12 s. 6 d. for each 100 l. of capital stock, so commuted at 125 l."

47. The rate of interest, namely, 4 l. 6 s., was arrived at by calculating what the average interest for the past two years had been on the public obligations of the Secretary of State?—Yes.

48. The market price of shares being 125 l.?—Yes; that is on three years' average as regards the stock, two years' as regards the interest.

Mr. Fawcett.

49. Does it say, in that clause in the Act, that you have to take the shares for three years?—Not in the Act, but in the contract.

50. Will you read the words?—"The rate of interest which shall be used in calculating such annuity being determined by the average rate of interest during the preceding two years received in London upon public obligations of the East India Company."

51. Where does it say about the price of the shares; is it perfectly clear that that applies to the annuity?—Quite clear. The purchase clause relates to the price. It says the Government shall pay a sum equal to the amount of the value of all the shares and stock calculated according to their mean market value during the three years immediately preceding the expiration of the said period of 25 years.

Mr. Muntz.

52. Is the 125 l. the average of the last three years?—It was found to be so.

53. Agreed between the Company and the East Indian Government?—I believe that in the Accountant General's Office at the East India Office calculations were made as well as at the Railway Company's office, and as they coincided almost exactly, the amount was agreed to.

54. Including

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Chairman.

54. Including the 4 s., as a sinking fund for the redemption of capital, an annuity of 5 l. 12 s. 6 d., for 73 years, would, at the end of that time, place the whole property of the East Indian Railway Company in the hands of the Secretary of State?—It would at the time of the purchase.

Sir Henry Peck.

55. Not the rolling stock?—Yes, everything.

56. That is only in case of surrender; whether the rolling stock be much or little, does it make any difference?—No; I think you are referring to the clause which gives power to the Company to surrender the line. In that case they only receive back the capital which has been expended, without reference to the price of the stock.

57. You said at the end of 99 years it reverts, without payment?—That is to say, if the Secretary of State had not exercised his power of purchase; if the Company had not used its power to surrender, and if, by effluxion of time, the contract had come to an end, then the Secretary of State would have obtained the line, but the rolling stock would have been the property of the Company.

Chairman.

58. Under this arrangement the Secretary of State obtains two advantages; he is able to calculate the rate of interest on which this annuity is based lower than the guaranteed interest on any of the existing raised capital, and he also has the whole of the surplus profits which may be derived from the Company in place of the half which he previously received?—Having completed the purchase he had command of the whole concern with all its profits, no doubt.

59. This is the arrangement as regards the capital stock. As regards debentures, what is the arrangement?—Debentures remain as they are. Debentures are guaranteed by the Secretary of State both as regards interest and capital. He is responsible for paying them off at the end of the term.

60. Do they run for a long period?—For various periods.

61. This annuity only affects the capital, but not the debentures?—Not the debentures, only the share capital.

Sir Henry Peck.

62. That is 26,200,000 l.?—Quite so.

Chairman.

63. Therefore, the first half of the memorandum of terms is simply an exercise by the Secretary of State of powers which he enjoyed under the original contract?—That is so.

Mr. Grantham.

64. In the Act there is nothing about giving anything beyond an annuity based upon a certain principle; here you first of all base your annuity on that principle, and then you add 4 s. for redemption of capital, which is in effect giving up the right of having this line to revert to at the end of 90 years; you are doing away with the leasehold effect of the line and making it free-

Mr. Grantham—continued.

hold, assuming that the original contract was vesting the line in the Company in fee instead of it being only a leasehold interest of 99 years; is not that it?—These calculations were very carefully made at the India Office by experts, and that was the result arrived at.

65. Is not the result arrived at by giving so much for redemption of capital?—Quite so; 5 s. is the amount so given for the 125 l.

Mr. Fawcett.

66. Was this rate of interest, 4 l. 6 s., the calculation of the Governor and Deputy Governor of the Bank of England?—I do not think they were consulted.

67. But they were bound to be, were they not?—I think not.

Chairman.

68. The words are, "The rate of interest which shall be used in calculating such annuity to be determined by the average rate of interest during the preceding two years received in London upon public obligations of the East India Company, and which shall be ascertained by reference to the Governor and Deputy Governor of the Bank of England for the time being;" as you read the Contract, you assume that the reference to the Governor and Deputy Governor of the Bank of England is merely as to the average rate of interest received in London upon public obligations of the East India Company during the two preceding years?—Yes, certainly. The reference would have been made as to that point if there had been any dispute, or if the term of 25 years had run out.

Mr. Fawcett.

69. There is the greatest possible difference of opinion about that; what I want to know is, whether the Act has been complied with, and whether a reference was made to the Governor and Deputy Governor of the Bank of England; it does not say "may be made"?—I am not aware that any reference was made to the Governor and Deputy Governor. I do not think that it was obligatory, under the circumstances.

70. What words can you have in an Act more obligatory than these, "which shall be ascertained"; it does not say, in case of dispute; they want to apply to a perfectly independent authority. I remember in evidence which we had once before a Committee the greatest possible importance was attributed to this provision. It seems to me you cannot have words more compulsory. I want to see exactly the way in which this power has been carried out. The words are "which shall be ascertained." Do you consider that "shall" as imperative?—This is not the Act of Parliament that you are referring to; it is the contract between the Government and the Railway Company. The contracting parties, I presume, had the power to negotiate in respect of the terms of purchase.

71. You referred to the Act; are not the words there of a similar kind?—The words are in the contract, not in any Act of Parliament.

Mr. ROBERT WIGRAM CRAWFORD, Sworn; and Examined as follows:

Chairman.

72. YOU are the Chairman of the East India Railway Company?—I am the Chairman of the Board of Directors.

73. And have been so for some time?—For 25 years.

74. You have heard the evidence of the preceding witness?—I have.

75. That part of his evidence which related to the portion of the Preamble detailing the various indentures and various Acts by which the East India Railway Company was raised was correct?—Quite correct. I may say the same of the whole Preamble.

76. You, as Chairman of the Board of Directors of the East India Railway Company, received the letter, dated the 1st November 1878, from Sir Louis Mallet?—I did.

77. That was accompanied by a Memorandum of Terms?—It was.

78. We have had explained to us, to a certain extent, the basis of the calculation of the first portion of that Memorandum of Terms, but we were anxious to have further information as to how the Secretary of State arrived at the 5 l. 12 s. 6 d. being the annuity for the redemption of each 100 l. of capital stock. Perhaps you will explain to the Committee how that calculation was arrived at?—There are two elements in the calculation. The one is the price to be paid for the stock, which is settled at 125 l. for 100 l. of stock. The other is the rate of interest at which the annuity should be calculated which would reproduce the money at the end of 73 years. As to the question of the price, 125 l., I believe it is not at all in discussion at the present moment whether that is the right or the wrong price. As a matter of fact, on the day on which the average began to be calculated, which is the 15th February 1876, I ordered an account to be taken and to be kept up daily, and it was so taken and kept up for the space of three years, showing the actual price. When we came into negotiation with the Government, the actual average of the daily quotations of the market was close upon 125 l. Had it not been for the negotiations which took place, which had the effect of disturbing the market, I have no doubt the average would have been above 125 l. I, acting for the Company, was quite content to take 125 l. as representing what appeared to us to be the fair average return of the market for three years. With regard to the rate of interest which was to be calculated upon the average sum received on the London market upon the public obligations of the Indian Government for a term of two years, I used various sources of information which were open to me, having kept a regular account of it as well as I could. But perhaps the most important and the most authentic one was the Return made to Parliament every half year by the Secretary of State for India of his securities out in the market, and the rate of interest which they bore. Perhaps I may be allowed to say that the negotiations for the matters then before us were carried on between myself and Sir Louis Mallet. I brought the result of my figures to Sir Louis Mallet, and I said to him, the conclusion at which I have come

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Chairman—continued.

is, that the actual rate of interest, brought out to 1 d., is 4 l. 6 s. 4 d. His answer to me was, Our calculation is within 1 d. of yours. Therefore it became unnecessary to go to the Governor and Deputy Governor of the Bank of England, because the document that was read just now, as Mr. Danvers said, was not an Act of Parliament, but a contract between the two parties, and there was no occasion to go to the Governor and Deputy Governor of the Bank of England as we were agreed upon the terms; 4 l. 6 s. was, therefore, assumed as the rate of interest. I did not insist upon the 4 d., because the particular point hinged eventually upon the 5 l. 12 s. 6 d., which, by a combination of circumstances, has come to be a sort of cardinal point, around which all the calculations turn. £. 4. 6 s. being taken as the rate of interest, we have to consider the application of the 25th clause. It says that: "It shall be lawful for the East India Company to declare, on notice to the said railway company in London, their option to pay an annuity." I venture to observe that when you pay by an annuity, you do not pay simply the rate of interest per annum, but you pay with that rate of interest a sum which in this case is represented by 4 s., to reproduce the capital at the end of the term. If you did not pay that you would then pay simply interest on the money, which would not be the fulfilment of the contract. You require the additional sum of 4 s. to replace the capital money. If I may be allowed to make the observation, many transactions of this kind have passed in establishments of which a Member of this Committee and myself are members, and are of constant occurrence. A person or corporation borrows 50,000 l.; he repays it by an annuity; he does not pay us simply the interest with that annuity, but he pays with the annuity that sum of money which by accumulation will reproduce the capital sum at the end of the term. That is the basis upon which this annuity has been calculated.

79. I believe there has been a good deal of public correspondence in the public press at one time and another concerning this annuity clause, has there not?—There has been a great deal of correspondence at times.

80. Mr. Macnaghten, I think, two years ago wrote some letters about it?—It is forcibly impressed on my recollection, because it was so full of errors.

81. In all the discussions which have taken place, and in all the communications which have appeared in public, and been written by officials or private individuals, it has been understood that this annuity would, of course, contain a certain sum for the redemption of the capital; that it is not to be simply interest upon the capital expended?—Certainly.

Mr. Fawcett.

82. Your case is that the Company had a perpetual lease of this railway, whereas in 99 years it will become the property of the Government of India?—I beg to say I have not contended that in any case.

83. The case as you put it is, "I am borrowing money from a corporation which I shall have to repay"?—I was illustrating a principle.

84. Assuming

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84. Assuming that the interpretation which has been put upon this word "annuity" is the correct one, and that it simply means interest on the market value of the capital which had been expended, the Secretary of State then would have the option of doing one of two things, either of paying to the Company a lump sum of money, which he would have had to raise, and upon which he would have had to pay interest, and repay the principal at the same time, or else he would have had the power of simply paying interest to the East India Company for the remainder of their lease upon all the capital which they had expended, and at the end of that time take possession of their property?—I think it is so.

85. If that is the correct interpretation the market value of the shares would have been very much less than the point at which you quoted them, namely, 125 l. per share of 100 l.?—If the public had been under the impression that their property could have been forcibly taken away from them, and they were only to receive, not their capital back, but merely interest upon their money for a certain number of years, undoubtedly the value of the stock would have been very small, but that never was the impression. The contrary view upheld it at the price.

86. Can you give one single instance where, in any legal document, the word "annuity" has simply meant payment of interest on capital raised?—I certainly cannot from recollection; I mean in reference to an analogous subject.

87. Therefore the interpretation which has been put upon this word "annuity" is quite new?—I should say so.

88. You never heard it raised before?—I never heard it called in question before.

89. Certainly nobody at the India Office, in these recent negotiations, ever attempted to put that construction on the meaning of the word "annuity"?—No. When I came to discuss the matter with Sir Louis Mallet, the negotiations took the form of proceeding entirely upon that view.

90. The advantage which it was supposed the Secretary of State would derive from making use of what was known as the Annuity Clause was that he would be able, by paying out of the income derived from the East India Railway Company, gradually to acquire possession of the whole property?—I suppose so.

91. And as regards that part of Section 25, by which it is stated that reference should be made to the Governor or Deputy Governor of the Bank of England, for the time being, as to the average rate of interest upon the obligations of the Secretary of State, there can be no difference of opinion as to what the interest upon the liabilities of the Secretary of State was during the past two years?—There was no question at all about it. We were absolutely agreed without any previous conversation or concert upon the point.

92. Assuming that it had been necessary to make a reference to the Governor and Deputy Governor of the Bank of England, the question which they would have had to decide would not so much have been what the rate of interest was, but what was meant by the word "obligation"?—It might have turned upon that, but it really lay within a very narrow compass.

93. Without any communication the actuaries

Chairman—continued.

or accountants of the East India Railway Company, and those of the India Office, arrived at almost precisely the same conclusion as regards the meaning of the word "obligation"?—They did.

94. What did you include within the word "obligation"?—I took the Parliamentary Return made every half year by the Secretary of State, showing his indebtedness in this country, excluding, of course, all indebtedness in the currency of India held in this country which was not an English obligation.

Mr. Grantham.

95. That came out at 4 l. 6 s. 4 d.?—Yes.

Chairman.

96. If you had included the whole of the guaranteed capital raised by the companies within the meaning of the word "obligation," you would have raised the rate of interest?—I did for a time consider it; but I am perfectly sure of this, that such an interpretation of the word "obligation" was never in view of either party at the time the contract was entered into, because such obligations did not then exist. The real meaning of the clause is this, that if the Secretary of State did not find it convenient to pay to the Company on the day named for the payment, not by instalments nor a day sooner or later, if he had not got 32½ millions of money, or whatever it may be, to pay down on that day, he was then to repay us our capital in a form which would, by being sold, reproduce that money in the market; and the only test of that would be, what was the value of the obligations of the Government. The obligations are 4 and 4½ per cent., or any other loan which might have been still running in this market, and which did run during the currency of the two years they were all taken into account.

97. Therefore you did not attempt to include any guaranteed capital railway companies?—None.

98. If you had included them the rate of interest would have been higher than that which you find it to be, viz., 4 l. 6 s. per cent.?—I cannot say that as a fact, because I have not examined it with that view; but I think it is not unlikely that it would be so.

99. The majority of the capital of the guaranteed companies was raised to 5 per cent.?—Yes.

100. The 4 s. is the amount which annually would go for the redemption of the capital in an annuity running for 73 years, and calculated at a rate of interest of 4 l. 6 s.?—Precisely so.

Mr. Fawcett.

101. As I understand, your contention is this: you consider the East India Railway Company ought to be paid by the Government exactly the same, whether the property of the Company at the expiration of 99 years reverted to the Government without payment or belonged to the company for ever?—I did not deal with the question from that point of view at all.

102. I should like you to view it from that point of view; it must be viewed sooner or later from that point of view?—I say it is not the point of view from which I have regarded it; the Government take our property from us and are bound to pay us back the money.

103. You

Mr. Fawcett—continued.

103. You speak of their taking your property from you; that was a part of the bargain; you will admit that; all that the Government was justified in doing was in carrying out the bargain; you had no option in the matter; you bind yourselves to give up the property on certain terms to the Government, do you not?—Yes.

104. In calculating those terms your contention, representing the Company, is this, that the amount which the Government is bound to pay you would be exactly the same, whether the property they were going to take was permanently your own, or whether, as is the case, it would have lapsed without payment to the Government at the end of 99 years?—I cannot have an argument put into my mouth which I have not considered. What I say is this, if the Government took the property they were bound to pay us a certain sum for it; they could not pay that certain sum for it, and therefore they elected the other method of which they had the option, of paying the money; they paid by an annuity. The honourable Member's argument fails in this, that if they had adopted the other alternative, paying down the capital, we should have had it at once.

105. That was not my point at all; you had no option in the matter; the option rests with the Government; you could not claim to be paid in a particular way?—No.

106. The Government could say to the Company, "We pay you by an annuity"; it was not for you to decide whether you were paid a lump sum or a separate annuity?—It was for us to state our view of the obligation of the Government, which I may state now, which is: If you cannot pay us in hard money you must pay us the equivalent of hard money, that is to say, you must sell us that which we could sell in the market.

107. That is not by the Act of Parliament; there were two methods of payment prescribed by Act of Parliament, and it was at the option of the Government; you had no option; all that you could do was to say to the Government, Carry out strictly the provisions of this Act of Parliament; there is nothing about paying money, or anything of that kind; if the Government liked they could have elected without consulting you to pay you by an annuity?—Will the honourable Member allow me to say that I am here upon my oath; that means that I am to depose to facts, and not to enter into controversies with Members of the Committee.

108. Suppose this property was a permanent property, a property which the Company enjoyed permanently, if it was to be bought by an annuity you could not claim a greater amount for redemption of capital than is given to you under arrangements which we are considering by this Bill, simply looking upon it as an arithmetical question?—I must confess my inability to do so.

109. I will put it in this way: there is an amount of 125 l., with a rate of interest of 4 l. 6s. per cent.; you want an annuity for 73 years to represent that amount; you say it makes no difference whether the amount is to be paid permanently or whether it is to be paid for a number of years?—I really can only frame my answer in the same manner as I have answered previous questions of the same kind; I say the Government had to pay us a sum of money. They elected to pay it in the form of an annuity, and whatever

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Mr. Fawcett—continued.

the nature of the tenure may be, or anything of that kind, they are under an obligation to pay us a sum of money, and if they cannot pay that money down in cash to pay it by an annuity.

110. According to your contention it makes no difference whatever, and is not an element to be taken into account, whether the Company would revert to the Government as their property at the end of a certain period of years?—I do not think it has anything to do with it; they owe me 125 l.; they say, We cannot pay you cash, but in a term of years.

111. You think it is just as important and just as just that a certain sum should be set aside as redemption of capital as it is when a man borrows 100 l. for a certain number of years, with a condition that he should repay it?—I must decline to give my opinion on these abstruse questions.

112. These are not abstruse questions to you, are they?—They are, I think. As I said just now, I am here to answer facts.

113. As a fact, I may understand that the Governor or Deputy Governor of the Bank of England were not consulted?—They were not consulted for the reasons I have stated.

114. They were not, as a matter of fact?—As a matter of fact they were not.

115. Will you tell me the particular securities by which you arrived at the rate of 4 l. 6s.?—I have here the returns made by the Indian Government in this country to Parliament of the loans raised in England under the provisions of any Acts of Parliament chargeable upon the revenues of India outstanding at the commencement of the half year to which the return refers, with the rates of interest payable thereon, and the date of the termination of each loan. As I understand the honourable Member's question, the material point is what are those loans? They are loans bearing interest: East Indian Bonds, 5,496,700 l.; Indian Debentures, 710,000 l., &c.

116. What I want to know is this: supposing you have a 5½ per cent. loan, which, of course, would be at a considerable premium, would you reckon that the rate of interest was 5½ per cent.?—I do not say what the premium upon an East Indian Government Security would be at this moment.

117. I simply want to take any premium you like. Suppose you have a 5 per cent. loan at 120 l., would you say that, so far as that obligation was concerned, the current rate of interest was 5 l.; that the interest on the obligation of the East India Railway Company was 5 l., or a little over 4 l.?—I do not understand the question.

118. You cannot understand a question like that?—No, I really do not.

119. I will put it in this way: suppose, for instance, you want to ascertain the interest on the securities or the obligations of the Government of India, do you simply take the amount of interest that they are paying, independently of the stock?—I understand the question now. I have taken the Parliamentary Return of the rate of interest which these loans were bearing. If the honourable Member will allow me, I will explain. These are 4 per cent. to the extent of the figures which I was enumerating; then there comes a 5 per cent., but the amount of the 5 per cent. loan being 17 millions, affects the average very largely, and has brought it up to the price I mentioned just now.

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Mr. Fawcett—continued.

120. That is the very thing I am contending for. Are you certain that the Governor or the Deputy Governor of the Bank of England would arrive at the same conclusion that you do, that the interest was 4 l. 6 s.?—It is impossible for me to say whether I am certain what they would do.

121. Are not the words of the Act these: That the rate of interest shall be after consultation with the Governor and Deputy Governor of the Bank of England?—I have already stated that it was not considered necessary to refer the matter to the Governor and Deputy Governor of the Bank of England, because we were agreed. I would also, perhaps, repeat, that we were not construing that Act of Parliament of which the terms were imperative, but we were only considering whether we should go to the Governor and Deputy Governor of the Bank of England to say whether an agreement as to which we were in perfect accord was right.

122. You and Sir Lewis Mallet were in perfect accord?—Yes.

123. As I understand these words are in an Act of Parliament which binds you?—I read them from the contract between the two bodies.

124. They are also in the Act of Parliament?—I am not aware of it.

125. In the 22nd or 25th clause of the original Act?—I am not aware of it.

126. The contract was authorised by Parliament?—The contract was not authorised by Parliament; at the time it was drawn Parliament were no parties whatever to it. Parliament may have recognised the contract since, but I do not think the contract has the effect of an Act of Parliament.

127. What I understand is this, you reckon a certain amount of stock at 5 per cent., a certain amount at 4 per cent., a certain amount at 4½ per cent., and you strike the average?—Arithmetically the average is brought out in that way.

128. You do not reckon the premium at which, for instance, the 5 per cent. stock was standing?—Nor have we taken into account any discount to which these securities have been subject and were subject at the time the discussion was going on.

129. I am not saying that that is wrong; I simply want to ascertain what you have done; during the two years when you arrived at this result, that the interest was 4 l. 6 s.; was the 4 per cent. stock of the Indian Government ever below 98?—As a matter of recollection I should say it was not.

130. Was it ever below 99?—I do not think it was.

131. That being the case, is it not possible to imagine that a person may arrive at this interpretation of what is meant by the interest on the obligations, that really the rate of interest was 4 per cent.?—I cannot say what it is possible for anybody to imagine.

132. Is it not possible, if this matter had been referred to the Governor and Deputy Governor of the Bank of England?—I can only say this, that we took the figures that were put before us; we calculated them according to the ordinary rules of arithmetic, and we arrived at that result. As far as the discount or premium upon those securities is concerned, I may say that if discount had entered into it, Indian securities of this particular nature fell so much in the London

Mr. Fawcett—continued.

market about the time that these negotiations were going on, that we should have benefited by it.

133. If it had been such an obvious calculation, and so extremely simple, why was it so carefully provided in the Act that the point should be decided by two such important financial authorities as the Governor and Deputy Governor of the Bank of England?—I cannot say why that authority was put in except this, that they were to be a body to whom reference could be made if there was any misunderstanding on the point.

134. I do not want a matter of opinion; but can you point to any words implying that that was to be done if there was any misunderstanding?—I think it is the inference to be drawn from it.

135. From what words; from what particular phrase?—I draw the inference for this reason; it is a sort of *dernier ressort* named in the clause of the contract, to avoid any doubt upon the subject, and to give authority.

136. With the fact that a 4 per cent. stock of a Government was, during the period in question, as you say and as you believe, never below 98, you and Sir Lewis Mallet arrived at the conclusion that the interest on public obligations of the Government of India was 4 l. 6 s. during that period?—I arrived at the conclusion that the average of the term to which this calculation extended was 4 l. 6 s. 4 d.

137. And during that term the 4 per cent. stock of that Government was never below 98?—I do not think, as a matter of fact, it was below 98.

Mr. Muntz.

138. If I gather correctly, you have considered this payment somewhat on the ground of a terminable annuity?—As something in that nature.

139. In the contract of the Company with the East India Company, now the Government, I find this, Section 25, page 24, "That in every or any case in which, under the provisions of these presents, the East India Company shall, before the expiration of the said term of 99 years, become bound to repay the capital expended by the said railway company upon the said line of railway as aforesaid, or to pay for the purchase of the said railway works and stock, it shall be lawful for the East India Company, instead of paying a gross sum of money in respect of the premises, to declare, by notice to the said railway company in London, their option to pay an annuity, to be reckoned from the time when the gross amount would be payable, and to continue during the residue of the said term of 99 years." Does not that seem to refer to a calculation which is to be reckoned from the time when the gross amount would be payable?—Precisely so; the gross amount being the sum which the Government have to pay for the railway.

140. I understand, from your evidence, that you consider 125 l. was the average fair value of the stock, and that as they could not pay you that in money, they should pay you an annuity which would produce that money?—The language of the clause of the contract, to my mind, specifies that.

141. I understand, from your evidence, that that is your view?—Yes.

142. That

Mr. Muntz—continued.

142. That the 125 l. should be paid in money, or paid in annuities equivalent to that money?—Exactly.

143. The Jubbulpore line lease does not terminate at the same time as the main line lease?—I think not until the 21st of April 1883. That is four years hence.

144. The 25 years terminates then?—Yes.

145. Have you taken that into calculation in your estimate; you have taken the value of the joint line?—Yes of the whole line.

146. You made no difference between the two?—No.

Mr. Grantham.

147. Have you a copy of the 25th clause of the contract before you?—Yes.

148. Will you look at the 8th line of the 25th clause, "It shall be lawful for the East India Company, instead of paying a gross sum of money in respect of the premises, to declare, by notice to the said railway company in London, their option to pay an annuity." That is how it now stands; would there be any difference in the meaning of that clause if you inserted these words, "Their option to pay the said gross sum by an annuity?"—It would merely strengthen the reading which we apply to it.

149. Does not that rather show that in that case it would be clearly the gross sum which was to be paid by an annuity, and where those words are left out, and it is an option which they have to pay the annuity for a certain number of years, it is not merely the repayment of the gross sum, but that it is the sum to be paid annually for 99 years?—What is the question you wish me to answer.

150. Does not that show that there is a difference between the two things; that in the one case it is a gross sum which is to be repaid in the 73 years, and in the other case it is an annual sum which is to be paid for 73 years, or whatever the term is?—I do not think so at all.

151. With regard to the question of obtaining the assistance of the Governor and Deputy Governor of the Bank of England, as far as I understand it, you have not taken the actual rate of interest which is received by people who purchased stocks of the East India Company during the two years, but you have taken the rate of interest on the nominal value of the stocks?—I have, the value returned in the Parliamentary Papers.

152. If that is so, is not the interest which is being taken as the average, rather the interest of periods anterior to two years, than the interest which is payable during the two years immediately preceding, because these stocks and loans are not merely stocks which were raised during the last two years, but they are loans many of which have been raised for some years?—I do not see how that affects the question.

153. Never mind that; that is another question; I want the facts; are not those stocks, the interest of which you have taken to arrive at your average, a great many of them, stocks which have been raised more than two years?—Yes.

154. Therefore, instead of getting the average of two years, do you not in fact get the average of the whole number of years during which those stocks have been raised?—I do not see the effect of the "therefore" in that case.

155. Is it not so?—No.

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Mr. Grantham—continued.

156. Will you give me a list of your stocks of which you say the average was taken?—Here is the list, the Return of the 1st of October 1878 (*producing same*).

157. I will take East India Bonds; when was the 5,996,000 l. raised; that is the amount of debt outstanding in 1878; was not that raised a great many years ago?—It was current at the time.

158. I know it was; but was it not raised a great many years ago?—I have no knowledge of the fact.

159. Do you mean to say that you really cannot tell me whether the East India Bonds were raised more than two years ago?—I cannot tell you the date.

160. I do not want the date?—I have already stated that I believe them to have been in existence prior to two years; but as to telling dates, it is unreasonable to expect me to give them.

161. I simply want to know the fact whether they were not raised more than two years ago?—I said so.

162. Were not the Indian Debentures, 4 per cent., 8,081,000 l., also raised more than two years ago?—I cannot answer the question with the absolute certainty that I shall give a correct answer.

163. Take the Indian 5 per cent.?—As to the 5 per cent. stock, I can answer, because money has not been raised at 5 per cent. in the market recently.

164. How long ago was that raised?—I really cannot answer for that.

165. Ten or 20 years ago?—I should think, probably, about the time of the Indian Mutiny, but it is a mere surmise.

166. We will assume that that was raised 20 years ago; if that is so, are not you, by doing it in the way that you have adopted, doing it in this way; the rate of interest which shall be used in calculating such annuity to be determined by the average rate of interest which has been given during 20 years, instead of during the two preceding years, because it is interest which was fixed 20 years ago. That does not represent the current rate of interest; would not the current rate of interest on this Indian 5 per cent. stock be really the amount that you or I would get if we purchased it in the market?—I cannot answer the question with the precision I should desire, unless I had the facts more clearly before me. I understand the honourable Member to mean that these securities yield a different rate of interest from that which they appear to yield on the face of the Report.

167. Actually to the purchaser at the present time?—I suppose there may be a difference, and that some of them may have been at a premium, which would of course reduce the rate of interest; but I know that some of them were at a discount, and at the very time of the date of that last Return, which I think is the 1st of October 1878, an amount of discredit had been brought upon those securities which reduced their value very much, to the benefit of which I hold we should have been entitled in the calculation.

168. I think you were entitled to it; but I do not think you bring it to the amount which you have given here, if you take the 5 per cent. at the market price. I quite agree with you, that I think you are entitled to take the discount, if there is a discount, and it would be very foolish

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of the East India Company or the Government at the present time to purchase the railway when their stocks are at a discount. It would be in their interest to wait until they were at a premium; is not that the effect of it, that the Government are fixing the rate of the annuity according to the interest charged 20 years ago, instead of the interest on which they can get their money to-day?—The words are “determined by the average rate of interest during the preceding two years in London, received upon public obligations of the East India Company.”

169. Does not this 5 per cent. stock represent the interest which they had to pay 20 years ago?—I have no doubt it does.

170. Assuming that no other stocks had been raised since, we should be paying to-day the rate of interest which the company had to borrow 20 years ago, instead of at present?—If my contention is right, that is only the consequence of the wording of the obligation of the Government under the contract.

Mr. Hubbard.

171. When allusion is made in the original contract to the authority of the Governor and Deputy Governor of the Bank of England, does it mean more than this, that in case of a difference between the two contracting parties, the Governor and Deputy Governor should be referred to in order to determine what ought to be the precise figure for the settlement of this arrangement?—That is my reading of the clause.

172. Would it not be a purely official reference; would not the Governor and Deputy Governor refer you to the cashiers, and the cashiers to the share list, which stands in the Committee-room of the Bank of England, as in most club houses, to which everybody could have resort, which would, I imagine, be the information contained in the printed papers put before the Committee now?—I have no doubt that would be the course taken.

173. When we come to the precise matter under discussion, namely, the rate of interest, will you permit me to put by illustration a question, not referring to the East India Company, but to our own funds. If a question had been raised as to what should be the average rate of interest paid or received upon Government stock in this country during the last two years, and if Consols had been made the subject of the inquiry, would it have been settled by reference to the price at which Consols had been contracted; Consols might have been contracted during the war at a price of 60 *l.* If they were taken at 60 *l.* of course they would bear a rate of interest of 5 per cent.; do you mean that?—No.

174. Would not it mean this, that the price of Consols during the average of those three years would be ascertained, and the rate of interest to be derived from an investment in Consols during that period would in its results show the rate of interest sought for; for instance, if you found that 88½ was the price of Consols upon the average of those two years, would it not be, as a matter of calculation, proven that 3½ per cent. was the rate of interest receivable upon these Government securities?—I suppose it would be so.

175. Is it not in the same way that you have ascertained the rate of interest upon the East

Mr. Hubbard—continued.

India securities which are the subject of enquiry by this Committee, that you have taken several East India securities, and without a reference to their origin or to the original price of issue, you have ascertained the rate of interest which they would yield, taken at the average prices of the period under discussion?—No, not quite so. I have taken the rate of interest which is paid upon those securities, by the Government, that is to say the rate at which they were issued, and at which they are returned in the Government paper.

176. Do you make the source of your information, fresh operations made by the Government during that period, rather than a reference to the value in the market of their older securities?—Our duty, it seemed to me, was to ascertain what was the fair value of the East India Government securities in the market during this term. We had no other basis upon which to proceed, but to take the amount of their obligations which were extant in the market. We took the rate of interest at which those securities stood, and we made our return upon that.

177. That is, in fact, nothing but the echo of my question to you?—Yes.

Mr. Campbell-Bannerman.

178. As I understand it, you read the expression “average rate of interest,” as meaning average nominal rate of interest, not average market rate of interest?—I took the return, or a series of returns, made to Parliament by the Indian Government, of the amount and the details of their Indian sterling debt in this country, and I took the rates of interest therein stated.

179. You did not consider the price at which that kind of stock was quoted in the London market of the day?—I did not consider it my duty to do that.

Chairman.

180. You took the whole of the capital at par, and you divided it by the interest payable upon it?—I did.

Sir Henry Peck.

181. I believe many years ago there was an East India Stock which bore 10 per cent.?—There is old Company's Stock, which would not have been any security in the sense meant in this clause.

182. Suppose any of that stock had been in the market, you would have reckoned that it yielded 10 per cent., because the Secretary of State for India was paying 10 per cent., although at the same time, if he got a new issue he could put it out at 4 per cent.; and supposing there were a million at 10 per cent., and a million at 4 per cent., you would call that 7 per cent.?—I cannot say what I should have done under such extraordinary circumstances as those; I must beg permission to state, that the average was to run until the 15th February last past, and if the average had run out that length we should have benefited very largely by it; the rate of interest would have been more than 4 *l.* 6 *s.* per cent. In forestalling the 15th of February as period at which the two averages terminated, we were meeting the Government; we were conceding a point to them, because the Government had no right to come to us before that time; it is a part of the arrangement entered into between us and the Government.

183. That

Mr. Hubbard.

183. That is a different question altogether. The question now under discussion is an exceedingly important one, because it stands at the very basis of the whole transaction; in fact it is the pivot, the price which is to regulate the whole matter. Perhaps it would be satisfactory to the Committee if, when we meet again, you were to lay before them a distinct statement of the various items of inquiry which have led to the computation of the 4*l.* 6*s.* as establishing the price of the securities of the East Indian Government. The motive for it is obvious enough. You were selling a property in return for a security of the East Indian Company, and you were obliged to ascertain what in the market was the value of that security, and the responsibility of the East Indian Company; it was, therefore, most important that it should be properly appraised, whatever it might be. If 4*l.* 6*s.* comes to be the result, of course the thing will be proven; but it will be satisfactory to the Committee, as there seems to be some doubt about the process by which it has been arrived at, that a distinct statement should be made of the way in which it has been reached. Now, permit me to pass on to another point which would follow that, but which is not at all in conflict with it, and that is the mode in which the subsequent arrangement has been expressed. I suppose it may be considered as in the Memorandum of Terms, page 14 of the Bill. I think there has been some misapprehension on the part of some Members of the Committee with reference to the action which has been brought in here as to the payment of an annuity. An annuity, I take it, may mean any annual payment. There are permanent annuities; Consols are annuities. There are terminable annuities ending in 1885. An annuity may be a terminable or a perpetual annuity; its value very much depends upon its longevity. In this case you were selling a limited interest held by the East Indian Company in a valuable property, and you had in the first place to arrive at its money value. The money value you worked out by taking the stock, which was nominally 100*l.* You ascertained that the value of that stock in the market was 125*l.*, and then you had to determine what price was to be given for that stock, not in money, which would amount, by a simple calculation, to something like 30 millions sterling, but by what was more convenient to the East Indian Government, a terminable annuity. The calculation, as expressed in this Memorandum of Terms, seems to me to be brief and simple enough. Assuming it to be properly arrived at, the 4*l.* 6*s.* per cent. interest upon 100*l.* equals, upon 125*l.*, 5*l.* 7*s.* 6*d.* That would be in the shape of a permanent and not a terminable annuity. You, on the other hand, were going to be paid an annuity which was to determine in 73 years, and therefore you had to determine, in addition to the 5*l.* 7*s.* 6*d.*, the amount of money per annum which, by the end of the 73 years, would replace the perfect exhaustion of your capital?—Yes.

184. That sum you ascertained to be 5*s.*; the 5*s.* and the 5*l.* 7*s.* 6*d.* together make 5*l.* 12*s.* 6*d.*, being therefore, when applied to a terminable annuity of 73 years, the equivalent value of the railway which you are preparing to part with?—We did not ascertain the amount to be 5*s.*, but we took that sum of 5*s.* as being within the sum which it would really require to reproduce 125*l.*

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Mr. Hubbard—continued.

in 73 years. It requires 7*s.* 6*d.* to be invested half yearly, at the rate of 3½ per cent.

185. A less sum invested at 4 per cent. would produce the same result?—Yes.

186. At all events the 5*s.* was the agreed figure between yourselves and the East Indian Government to be paid as compensation for the exhaustion of the capital which you were to surrender?—It was, because 5*s.* upon 125*l.* is the same as 4*s.* upon the lower sum, 100*l.* If 4*l.* 6*s.* had not been the agreed rate, the probability is that the negotiation would have taken a different turn. If, for instance, it had been 4*l.* 5*s.* or 4*l.* 4*s.*, we should then have asked for the full sum required to reproduce the capital. The 4*s.* which we took to reproduce the principal sum at the end of the term was hardly sufficient for the purpose, and the Government were really in substance let off to the extent of 2*s.* or 3*s.*

187. You did not insist on the extreme figure which the mere matter of calculation would have entitled you to receive?—No, because the 5*l.* 12*s.* 6*d.* was found in practice to be a most convenient sum in reference to the other matters connected with the arrangement.

188. The fact of the very property you were surrendering being in itself a terminable property, has nothing whatever to do with the fact that when you have once ascertained its money value, that money value may be expressed either in a perpetuity, in a cash payment, or a terminable payment; it is a mere matter of arrangement; you do not deny at all that what you were surrendering was only a leasehold; but having determined the value of that leasehold, you then made your own terms for the repayment on the part of the Government?—That is so; that is the view I have taken of it.

Chairman.

189. Under the existing contract the Company have at any moment during their lease the power of surrendering their property to the Secretary of State, of forcing him to repay them the total amount of the capital which they had expended?—Just so.

190. And they might within six months of the expiration of their lease of 99 years so surrender their property, and thus obtain not only the benefit of the whole lease, but they also could insist on a repayment of the total capital which they had expended?—So far as the property is called a leasehold property, the whole value of it could have been taken from the Government at the end of the 98th year. The Company could have given notice to the Government of its intention to surrender under the contract, and the Government would have had paid back to them the whole of the money which had been expended on the works.

191. Therefore, under the existing contract, and taking into consideration that power of surrender which the Company had, the property of the East India Railway Company would not depreciate in market value as it otherwise would have done, as its lease diminished?—Certainly not, because we should have had the power at the end of getting back our money.

192. You could have obtained the capital which you had expended within a year of the expiration of your lease?—The lease gave us that power.

193. As regards the meaning to be put upon this

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this annuity clause, one or two questions have been asked you as to the wording of the clause; I should like to call your attention to the actual wording of it; it is headed "Annuity Commutation: that in every or any case in which, under the provisions of these presents, the East India Company shall, before the expiration of the said term of 99 years, become bound to repay the capital expended by the said Railway Company upon the said line of railway as aforesaid, or to pay for the purchase of the said railway works and stock, it shall be lawful for the East India Company, instead of paying a gross sum of money in respect of the premises, to declare, by notice to the said Railway Company in London, their option to pay an annuity to be reckoned from the time when the gross amount would be payable, and to continue during the residue of the said term of 99 years." I suppose it was because it is only in the event where the Company are bound to repay the capital expended, that they are to exercise this power of an annuity clause that you put upon it the construction which is embodied in this agreement?—Yes.

194. As to the actual effect of this proposed arrangement, can you tell me what the dividend received by the individual shareholders during the last five years has been?—I can tell you the whole amount received from the time when we commenced dividing with the Government the sum over and above the guaranteed interest.

Mr. Fawcett.

195. Have you calculated, supposing the Government had paid for the railway not in the form of an annuity but by paying down a gross sum, how much financially they would have gained by it, considering that they can borrow money according to your calculation?—That involves considerations which I can hardly go into here because it means this. The Government would have had to pay us our capital; we will put the interest out of account; they would have had to pay us 26,200,000 *l.*, plus the premium, in round numbers 32 millions sterling at a particular time. The date would have been under the contract the 31st December next. If the Government had not paid the money on the 31st December next they would have failed in their contract and the arrangement must have fallen through. They were not entitled to pay it before the 31st December. Therefore I understood the honourable Member's question to mean what would have been the financial position of the Government if they had to place 32 millions sterling in gold at the Bank of England to our account on a given day.

196. That is not my point at all; my question is simply looking to the financial results; supposing a certain rate of interest on which this annuity is calculated, how much would the Government gain or lose financially; I am not saying there may not be other reasons against their doing it; supposing they had purchased the railway by the deposit of a gross sum instead of an annuity, have you made that calculation?—I have made no calculation of that kind.

Mr. Grantham.

197. At the present time, what is a 4 per cent. bond of the Indian Government worth in the market; a 4 per cent. stock; is it worth par?—

Mr. Grantham—continued.

I cannot speak with certainty upon the point, because I have not had occasion lately to inquire.

198. Is it about par?—I do not know. The announcement made two nights ago has affected the value of the East India Government Securities.

199. When this Bill was prepared, was 4 per cent. stock worth par?—No.

200. How much?—It was bought largely at 97.

201. At that same time what would a bond at 4 *l.* 6 *s.* be worth. Would not that be worth over par?—That is a matter of calculation I cannot answer offhand.

202. Assuming a 4 per cent. stock, when this contract was prepared, was selling at 100 *l.*, a 4 *l.* 6 *s.* stock would be selling at more than 100 *l.*?—It would, in the proportion.

203. Assuming that the proportion was one-tenth more, that would represent 110 *l.*?—It is one-thirteenth more.

204. I am putting it in round figures; that would represent 110 *l.*?—Yes, it would, arithmetically.

205. If the Government could borrow money at 4 per cent. at this time, are they not, at the rate of 4 *l.* 6 *s.*, giving you a bonus of 10 *l.* on every 100 *l.*?—The Government could not borrow money at that time at 4 per cent.

Mr. Muntz.

206. There is a difference between borrowing on an Indian security and an English security. If the Government were to go in for a loan on Consols or 3 per Cents, it would be very different to an Indian loan at 3 per cent.?—Take the present price of Consols on the one hand, and take the price of Indian Securities on the other hand, and you have no analogous case.

Chairman.

207. Will you state what was the total amount of net receipts of the Company during the five years, and what were the dividends payable on the stock?—In the first place I will say what the receipts have been, the earning power of the Company. In the year 1874 the Company earned 7 *l.* 15 *s.* per cent. net; in 1875, 5 *l.* 13 *s.* 10 *d.*; in 1876, 7 *l.* 6 *s.*; in 1877, 9 *l.* 8 *s.* In 1878 we have not got the return made up to 1 *l.*, but it will give 7 *l.* 15 *s.* This present year is more productive, week for week, than any year preceding it.

208. The figures you have given are the total net earnings of the Company?—Yes.

Mr. Hubbard.

209. Net, available for dividend?—Yes.

Chairman.

210. Is that exclusive of the surplus profit?—No, it is inclusive of that. That is the whole earnings of the company; 5 *l.* belongs to us, as the guaranteed amount, the excess above 5 *l.* is divided into two parts, of which the Government take half and we take half.

Mr. Fawcett.

211. That is allowing for loss by exchange?—No, we had nothing to do with the exchange; it is sterling.

Chairman.

212. Is that whoever became the possessor of the property would, assuming he had been in possession during these years, have received the dividends you have stated?—Just so.

213. Can you state what those dividends represent in actual cash in gross amounts in money? It would have been more convenient if I could have had time to prepare statements showing it. For instance, I may say this from recollection, that in the year 1877 the gross receipts exceeded four millions sterling. The net amount divisible out of that was 2,770,000 *l.* The business of the Company, everything told, was carried on for rather more than 30 per cent. of the receipts only.

214. My object in asking that question was to show what income the possessor of the property would have had during that period. Of course that is a little complicated by questions of exchange. Could you tell us in rupees received in India what the net income of the Company was in any one of those five years?—I cannot give it in rupees, because the whole of our returns and statements are made up in this country in pounds sterling, converted from the rupees at the conventional rate, or rather at the contract rate, of 1 *s.* 10 *d.*

215. Assuming, therefore, that the whole of this dividend had been in the possession of the Secretary of State, the proposed arrangement having been in force during this period, the Secretary of State would have had to pay 1 *l.* 12 *s.* 6 *d.* to each holder of 100 *l.* actual stock, and he would have received the sums you have mentioned?—I imagine so.

216. That is of course making allowance for loss by exchange?—Yes.

Mr. Grantham.

217. Do the Government bear the loss on the exchange now?—Yes. All the transactions between the Company and the Government are carried on at a fixed exchange; an exchange fixed under the contract of 1 *s.* 10 *d.* the rupee.

Chairman.

218. Assuming that the Secretary of State had carried out in its entirety the annuity clause, he would have stopped at the first half of this section, and simply paid an annuity to each one of the shareholders, and taken the whole management of the line into his own hands?—Yes.

219. But he has considered it advisable to continue the management of the East India Railway line under the present direction?—Yes.

220. Will you state to the Committee what the arrangements are which he proposes to make in order to carry out that plan?—The arrangement which has been proposed by the Secretary of State, and agreed to by the Company, is this: that it shall be at the option of the stockholders of the Company to leave one-fifth of the annuity of 5 *l.* 12 *s.* 6 *d.* in abeyance for a term of years, which shall not be less than 20 years or more than 50. That is to say, that of the 5 *l.* 12 *s.* 6 *d.*, one-fifth part, or 1 *l.* 2 *s.* 6 *d.*, will remain deferred; the other 4 *l.* 10 *s.* will be paid. The Government will pay to the Company 4 per cent. interest upon the principal sum, as it were, upon the capitalised value of that annuity which remains deferred during the term of the new contract, and in consideration of the Company

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Chairman—continued.

managing the affairs of the railway, they will be entitled to one-fifth of the net profits of working the line, getting in addition the 4 per cent. interest on the capitalised value of the 1 *l.* 2 *s.* 6 *d.*

221. The arrangement is that one-fifth of the annuity of 5 *l.* 12 *s.* 6 *d.* is to be capitalised, and the present directors will be allowed to conduct the management of the East Indian Railway Company, and to receive one-fifth of the net profits?—Yes; it is not the present directors who will be allowed to do it. It is the management which will be represented by the deferred annuitants. They may elect whom they please to do it.

222. The Secretary of State pays a certain interest upon the annuity as capitalised?—Yes.

223. And they receive one-fifth of the whole net profits?—Yes.

224. So that those annuitants will receive the 4 per cent. guaranteed by the Secretary of State, plus one-fifth of the whole net profits?—Yes.

225. Is any arrangement made by which a certain sum should go to the redemption of the annuity so capitalised?—There is no arrangement made as between the Government and the Company. The arrangement which is proposed, and which this Bill asks Parliament to sanction, is an arrangement internal to the Company. The Government have nothing to do with it, but it requires the sanction of Parliament.

226. The Government not having the power to continue or to hand over to anybody except themselves the direction of the East Indian Railway Company after it becomes their own property?—I suppose so.

227. They have not the power to hand over the direction of the East Indian Railway Company to any other body except themselves?—No.

228. There would be, so to say, by an internal re-arrangement of the present existing East Indian railway companies, a certain body representing the interests of one-fifth of the value capitalised of the present annuity, who, for the next 25 years, will manage the East Indian railway companies?—For a term of not less than 20 years, but it may be 50 years.

229. At the end of that time does the Secretary of State propose in any way to buy up the annuity so capitalised?—It simply revives.

230. As you have stated the main features of the proposal, perhaps it would be as well if you could just go through the remaining sections of the Memorandum, stating to us how each individual section applies to the arrangement; the latter half of Section 1 you have already explained. Section 2 is, "The existing contracts to cease and determine on the 31st December 1879, and the annuity to accrue from 1st January 1880." That is evident enough. Then the next section relates to the power of the Secretary of State to enter into a new contract with the Company for the future management and working of the line for 50 years. It is to be subject to termination at the end of the 20th, 25th, 30th, 35th, 40th, and 45th years, on two years' previous notice being given by either party?—Yes.

231. Then Section 4 is, "In order to provide the Company with a constituent body for the purposes hereafter mentioned, and with a capital in respect of which a share in future surplus profits may be assessed, it is proposed that out of the capital sum payable to the Company, payment of

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one-fifth part be suspended for such term as may be agreed upon for the duration of such new contract; that is to say, the holders of such new capital shall be a minimum rate of interest per annum, and shall participate in the profits of the line, reverting whenever the contract is terminated to the annuity described in Clause 1, and receiving the same for the remainder of the term for which the annuity is granted, viz., till the 14th of February 1953"—That is so.

232. Under this it seems that when you arrive at the termination of the period for which the company is to be worked by this new management, the holders of the annuity, on that portion of the annuity which has been capitalised, will revert back to the old annuity?—Exactly so. They will cease to receive the 4 per cent. guaranteed upon the capitalised value of their annuity, which was left in abeyance. They will cease to receive any portion of this, and will merely become annuitants to the extent of the one-fifth.

233. Then, practically, the Secretary of State will capitalise for a certain period a certain portion of the annuity, and at the end of the period the holders of that portion of the annuity so capitalised will go back to the original terms?—Yes.

234. It is an arrangement between the Secretary of State and a certain portion of the shareholders merely on paper, so to say?—So to say. It will have practical effect.

235. What is the financial effect of this; will this portion of the annuity which is so capitalised have a very high marketable value?—That it will have a marketable value somewhat in excess of the value of the annuity in suspense is evident, otherwise there will be no temptation to people to come into the arrangement. A person holding 1,000 *l.* of the stock of the Company will be entitled, at the price agreed to, to 1,250 *l.* He may, if he pleases, take one-fifth part of that in the deferred annuity; that is 250 *l.*; the remaining 1,000 *l.* will be in what I may call the grand annuity; so that in the grand annuity he will get 45 *l.* per year and upon the annuity suspended, and he will get 4 per cent. upon his capitalised value, which will be 10 *l.*, making 55 *l.* If he had taken the whole annuity he would have got 56 *l.* 5 *s.*, and therefore he puts 2 *s.* 6 *d.* of the 5 *l.* 12 *s.* 6 *d.* annuity at stake, as it were, in order to get a share of the surplus profit. What the share of that surplus profit will be, which will be the guide to my answer to the question which the noble Lord puts to me, will depend upon circumstances. If the Railway is not prosperous, if it is badly managed, if anything beyond our control occurs, people will not make anything by it, and the deferred annuity will not be of very large value; on the other hand, it may rise to a fair premium in the market. I do not expect it will rise to a high premium, at all events, not in later years, supposing the contract to be brought to a close in 20 years, because at the end of the 20 years the one-fifth arrangement will expire, and the holder of the money will revert to his ordinary annuity at the rate of 1 *l.* 2 *s.* 6 *d.* a year.

236. I think it is pretty clear from this arrangement, that, assuming the new management can conduct the East India Railway as successfully as has been done during the past few years, the holders of this capitalised annuity will, during

Chairman—continued.

the period of management, viz., 20 years, receive a very high dividend?—It will be an interest only in one-fifth of the profits distributed over one-fifth part of their present capital.

237. They receive that one-fifth in addition to the 4 per cent.?—In addition to the 4 per cent.

238. That one-fifth may amount to a very considerable sum; it may amount to 4 or 5 per cent.?—I do not think it will, because the Government in that case would get four times as much.

239. Let me take the last dividend. The dividend for 1878 was 7 *l.* 15 *s.*; that would be, however, in future on 125 *l.* stock?—No, upon 100 *l.* stock.

240. So long as all the capital created under this memorandum is entitled to its full share of the profits of the Company it will receive a dividend, we will assume, equal to that received in past years?—Yes.

241. Then, if you say that one-fifth of the future capital of the company is to be entitled to one-fifth of the profits, we may assume that the profit upon that one-fifth of the capital will be very much the same as the profits upon the whole capital in the past?—It will not be in point of fact, as I can explain.

242. Perhaps I did not make my point clear; it is this: the holders of these capitalised annuities will not only have 4 per cent. guaranteed to them by the Secretary of State, but they will in addition to that have a strong probability of receiving the same dividend as the shareholders at the present moment do?—I do not quite follow that.

Mr. Hubbard.

243. What is the meaning of the word "profits" with reference to the future? We understand what profits are with reference to the past; it is the sum given in these figures available for distribution, but in the future what is to constitute profits; is it the balance between the receipts and the expenditure, or the surplus after paying the 5 *l.* 7 *s.* 6 *d.*, which I take to be the permanent charge upon the purchase of the property?—I would refer the Committee to clause 7 of the Memorandum of Terms, which specifies the number of deductions which are to be made after the net working results have been ascertained. There is interest on the debenture bond debt, interest on the debenture stock, a charge in respect of the annuity, the interest on the company's capital contributions to the provident fund, and the interest on the value of the stores in hand at the end of each half-year. The profits will not be so large in the future as they have been in the past supposing the receipts to be the same, and the expenses to be the same, because the deductions will be more numerous than they were under the old system. For instance, the interest on the various stores in hand at the end of each half-year is a new charge which has to be made upon the working expenses before the divisible surplus profits are ascertained. I may mention also that the Company have agreed that the expense of the maintenance of the supervision of the Government over the undertaking is to be another charge; that will amount to 10,000 *l.* in the year to be deducted, so that it is not quite accurate to take the existing deductions as an indication of what will be the future results.

244. There

Chairman.

244. There are certain additional charges which will have to be met out of the net working profits, the principal one being a charge in respect of the annuity, but that charge will be not for the whole of the annuity, but for four-fifths of the annuity?—Yes.

245. And then all the balance that remains after all those primary charges have been met out of net profits will be divided, four-fifths going to the share of the Government, and one-fifth to the annuity so capitalised?—The one-fifth which is not included will be replaced by 4 per cent. interest guaranteed on the capitalised value of it.

246. And that will be the primary charge?—Yes.

247. Is that charge on the revenues of India, or on the revenues of the Company?—The charge I am speaking of is upon the revenues of the Company.

248. Then the security for the payment of 4 per cent. on that portion of the annuity which is capitalised is the revenues of the East India Railway Company, and not the revenues of India?—These charges stated in this clause of the Memorandum of Terms are the charges which are to be taken into account after the net working result of the half year has been ascertained, and before any division of surplus profit can be made. It is an agreement between the Company and the Government that the annuity, and the expense of the interest, and the debenture bond debt, and the debenture stock, and so on, shall be amongst those items which are to be deducted. But we claim that as regards the holders of the annuity, they shall be a charge upon the revenues of India, because the obligation to pay the annuity is independent of the railway, and it is an undertaking of the Government of India.

Mr. Campbell-Bannerman.

249. I was going to ask whether the 4 per cent. is a charge on the revenues of India. Clause 5 rather implies that; "The Secretary of State in Council shall pay on the amount of stock of the Company thus commuted an annual interest of 4 per cent. in London;" if he is to pay it, of course it is out of the revenue of India?—By arrangement between the Company and the Government; with regard to this new contract, it is made a sum which they will reimburse themselves for, out of the working profits.

Mr. Fawcett.

250. I understood you to say that a contract had been entered into between the Company and the Government, or else our inquiries would have no pertinence; but of course that is a contract which, in consequence of this Bill being introduced, is subject to the approval of Parliament?—The contract has only been drafted.

251. There has nothing been entered into yet which necessarily binds the Government?—No, for this reason: the contract cannot be entered into until after the Bill has passed, because the Bill alone gives the Government and the Company the power to enter into the contract.

252. Will you explain how you arrive at the result that the current rate of interest on the public obligations of the Government of India, was 42 l. 6 s.?—I have taken as the basis of the calculation, the Parliamentary Return every six months from the India Office, showing the indebtedness of the Indian Government in this country in sterling money. Under the head of "Loans bearing Interest," there are East India Bonds, India Bonds, India 5 per cent. Stock, and India 4 per cent. Stock.

253. What interest is there on the India Bonds?—Four per cent.; upon the India Debentures 4 per cent. I have taken the interest of those, and I have multiplied the rate of interest into the sum brought out the result, and continuing that over the period of years stated in those Returns, I have divided the whole sum as a common arithmetical operation by the whole amount of the bonds outstanding, and it has produced the result.

254. So that you took each loan at par and multiplied it by the rate of interest?—Just so.

255. And then you get the average in that way?—And then get the average in that way.

256. Therefore, according to that, unless a new loan of a different denomination were raised, the rate of interest could not vary from time to time?—Nor practically did it vary much until latterly.

257. It could not according to your calculation?—No.

258. According to the method of calculation you have adopted, the rate of interest could not vary from time to time unless a new loan were raised?—Just so.

259. According to your calculation, unless a new loan were raised, the rate of interest would be absolutely constant?—Yes.

*Mr.
Cranford.*
1 April

Wednesday, 2nd April 1879.

MEMBERS PRESENT :

Mr. Camperbell-Bannerman.
Mr. Fawcett.
Mr. Grantham.
Lord George Hamilton.

Mr. Hubbard.
Mr. Muntz.
Sir Henry Peek.

LORD GEORGE HAMILTON, IN THE CHAIR.

Mr. ROBERT WIGRAM CRAWFORD, re-called; and further Examined.

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Chairman.

260. I THINK when your examination was concluded yesterday you had explained to the Committee what the arrangements were by which one-fifth of the capital stock of the company could be commuted and capitalised, in order to provide the future direction with a constituent body?—Yes.

261. How will you estimate this one-fifth of the capital stock of the company. Will you take one-fifth of the value of the annuity and then capitalise it, or will you take one-fifth of the present capital?—I take one-fifth of the present capital, which is 26,200,000 *l.* Then I add to that the 25 per cent. of premium, and that makes 6,550,000 *l.* That is the capitalised value of the 1 *l.* 2 *s.* 6 *d.*, which is the deferred annuity; that is to say, it is the fifth part of 5 *l.* 12 *s.* 6 *d.* The capitalised value of that annuity, so deferred, is 6,550,000 *l.*, the capitalised value of the four-fifths, which is paid in the form of an annuity, being the 26,200,000 *l.*

Mr. Grantham.

262. The one-fifth, as far as I understand it, is got by taking the capital of 26 millions and then adding 25 per cent. to it?—Yes.

263. That is a fourth?—Yes.

264. That makes it 32 millions odd; you take the fifth of that?—Yes.

265. And then on that fifth the people get one-fifth of the surplus profits?—They get one-fifth of the surplus profits besides 4 per cent. interest.

266. Four per cent. interest would be deducted; before you arrive at the surplus profits you deduct the 4 per cent.?—It is one of the deductions from the net working profits.

267. You absorb the 4 per cent. in the one-fifth of the net profits, or rather you absorb the 4 per cent. in the net profits on one-fifth of the capital?—It is provided in the memorandum of terms.

268. Is not the effect of that this, that you are giving them net profit, not on their original capital, but on their original capital and on the premium too, whereas the net profit should be taken as the net profit on the original capital?—No, because the guaranteed rate of interest is only 4 per cent. now, and it was 5.

Mr. Grantham—continued.

269. I do not quite see why that is a reason. At any rate I am right in assuming that you are giving them the net profits, not only on the original capital, but on the original capital and their premium; that you are capitalising their premium for them, and giving them the net profit on that as well as on the original capital?—The Government, for the original purpose stated, which is to provide the company with a constituent body, have agreed that one-fifth of the annuity shall remain in suspense, and the capital sum represented by that one-fifth of the annuity is 6,550,000 *l.*; upon that, which is one-fifth of the whole capital, they get their profits.

Mr. Hubbard.

270. Is it not simply this, that having arrived at the actual value of the whole property estimated in money at 32 millions sterling, the Government then, with a view of obtaining a continuous body for the purpose of direction, receive a certain number of the former promoters into partnership with themselves for a given period; that they put in one-fifth, and the Government bear the other four-fifths, and the division of profits will be in those proportions?—I do not know whether it can correctly be called a partnership.

271. I mean in effect?—In effect; in one sense.

Mr. Fawcett.

272. What I understand it to be is this, that on one-fifth of the capital the annuity is calculated at 4 per cent. instead of at 4 *l.* 6 *s.* per cent., as it is calculated on the other four-fifths, and those who receive an annuity calculated at 4 per cent. instead of 4 *l.* 6 *s.* per cent., in addition receive one-fifth of the surplus profits; is not that the case?—I really have hardly been able to follow the honourable Member through his statement exactly, with a view of giving a precise answer to it.

Chairman.

273. This is Mr. Fawcett's point, I think; those who hold the annuity will receive a rate of interest at 4 *l.* 6 *s.* per annum?—£. 4. 10 *s.* per annum upon the original capital, without the premium, including 4 *s.* redemption.

274. I mean

Chairman—continued.

274. I mean excluding the redemption?—Then it is 4 l. 6 s.

275. And those who have their annuity capitalised, namely, one-fifth of the shareholders or share capital of the company, instead of 4 l. 6 s. interest, will receive 4 l. from the Secretary of State, plus one-fifth of the net profits?—They will receive 4 l. upon the capitalised value of the 1 l. 2 s. 6 d., which is the fifth part of the 5 l. 12 s. 6 d., what I call the grand annuity.

276. Therefore, it will be a question of 6 s. as against one-fifth of the profits of the company?—I think I may say yes to that. I am not quite confident in my own mind, because these matters of calculation being put before one, it requires a little time to think over. I think the noble Lord is right in his view.

277. The inducement to shareholders to capitalise their annuity is that they will receive 4 per cent., plus one-fifth of the profits?—Just so.

278. And if they did not capitalise their annuity, they would receive 4 l. 6 s. interest?—Just so.

Mr. Grantham.

279. Do you not deduct the 4 per cent. from the profits before you arrive at what are the net profits?—That appears from the 7th Clause of the Memorandum of Terms.

280. The capital at the present time is 26 millions, in round numbers?—Yes.

281. And the people at the present time get their guaranteed 5 per cent., and half the net profits on that 26 millions?—They do.

282. By your arrangement people are to get, not only the net interest on that one-fifth of the capital, but the net interest on one-fifth of the capital, plus the premium of 25 per cent.?—Yes, the premium is included.

283. Is not the effect of it this,—we will divide the shares into five, and divide the original capital into five, one-fifth of 26 millions is 5,200,000 l.; at the present time, do not the holders of 5,200,000 l. of this capital get, we will say, 7 per cent. upon that, if it is 7 per cent. that you are paying?—No.

284. Assuming that 7 per cent. is the dividend paid at the present time?—The company gets 5 per cent. guaranteed now, and one-half of the profits.

285. That would be 6 per cent. on the 5,200,000 l.?—Yes.

286. After your arrangement is made, will not they get not only the 6 per cent., but 7 per cent., or whatever is the whole of the net profit on this one-fifth; but instead of this being 6 or 7 per cent. on 5,200,000 l., will not the same people get 6 or 7 per cent. on 6,500,000 l.; and is not the effect of that this: that instead of their simply getting the net dividend, which would be 7 per cent. on the capital, they are getting 7 per cent., plus 25 per cent. more, which is about 10 l. 15 s.; are not you giving them 10 l. 15 s. on their original capital?—I cannot follow that at all; I do not think it is so; I am sure it is not.

Mr. Fawcett.

287. I want to understand the exact nature of the position; I will put it as simply as I can; I will suppose that there is a man who holds 500 l. stock in this railway; he elects to become one of the persons who participates in the profits; he therefore has 400 l., on which he receives an annuity, and 100 l. which will entitle him to a share of the profits; on the 400 l. he receives an annuity every year of four times 5 l. 12 s. 6 d., does not he?—Yes.

Mr. Fawcett—continued.

288. On the 100 l. he receives an annuity of 4 l., and his share of one-fifth of the profits?—Just so.

289. If therefore the net earnings of the company are as they were two years ago, I think 8 per cent., he would then receive on his 100 l. his annuity of 4 l., plus 3 per cent., which would make 7 per cent.?—I can hardly say yes to that question without having paper and ink before me.

290. It is not a calculation at all?—May I refer to a statement that was sent out by this company not very long ago along with a circular.

291. I have seen that, but that is very complicated compared with this; I am sure if you will write it down you will see it in a moment?—I have got it before me in print. I am going to refer to that which is before me. A proprietor of railway stock to the extent of 1,000 l. is entitled to 1,250 l. from the Government. If he elects to take one-fifth part in the new arrangement, that is to say, to leave one-fifth part as the deferred annuity, he will then receive four-fifths of the 5 l. 12 s. 6 d. per annum upon the 1,000 l., which is 45 l., and he will receive 4 per cent. upon 250 l., the capitalised value of the annuity in abeyance; that will make, together, 55 l. If he had taken the whole annuity he would have got 56 l. 5 s. He gives up 2 s. 6 d. in order to get his share of one-fifth part of the surplus profits of the company. That is the working of it.

292. Nothing could be clearer than that, but what I want to show is this; he gives up 2 s. 6 d.; the Indian Government has to pay him 2 s. 6 d. less. If, as was the case two years ago, the net earnings of this company were 8 per cent., his share on 1,000 l. of the surplus profits is what?—As I said just now, I must have pen and ink to do that. I have an accountant in the room who can do it for me.

293. If the company pays 8 per cent., the Government in return for this 2 s. 6 d. makes a payment of 4 l. to the holder of 1,000 l. stock?—If the profits of the company are 8 per cent. the shareholder will get one-fifth part of the surplus over 4 per cent., that is 16 s.

294. If the dividend is 8 per cent., the surplus profits on 1,000 l. would be 30 l.; one-fifth of that is 6 l., and the consequence is a man who takes this annuity receives from the Government 6 l. in return for the 2 s. 6 d. which he gives up?—No, because we are dealing with 1,000 l. in the one case and another sum in the other case.

295. If the dividend which the company could declare, or the net earnings of the company were 8 per cent., then the surplus profits beyond 5 per cent. would be 3 l., that on a thousand pounds would be 30 l. One-fifth of that, which is this person's share of the profits, would be 6 l., and in consequence he receives 6 l. upon 1,000 l. in addition to his annuity?—That seems to me to be 12 s.

296. He receives in the aggregate 6 l.?—We commenced by talking of a per-centage.

297. We will not unnecessarily confuse this; we will arrive at a result which the public can understand, at any rate. Put it as you like, as a per-centage or not, he receives on the 200 l., dealing

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dealing with 1,000 *l.* now as you read it, 8 *l.* as an annuity at 4 per cent., and in addition to that he receives, as his share of the extra profits, 6 *l.* Therefore on this 200 *l.* he receives interest at the rate of 7 per cent.—I do not wish to appear to avoid giving an answer to the question, but my experience tells me that rough mental calculations frequently fail from want of seeing the exact points involved.

Chairman.

298. The net profits in the future will be different from the net profits in the past, inasmuch as one of the charges, the primary charge, is the 4 *s.* for the redemption of capital included in the annuity?—The whole charge in respect to the annuity is one of the charges to be deducted from the net working profits.

Mr. Fawcett.

299. You deduct 5 *l.* 12 *s.* 6 *d.* instead of 5 *l.*?—Yes. Then there are other new charges brought into account. There is the interest on the value of the stores in hand at the end of every half-year. Hitherto we have not made any account of the interest on the cost at which these stores stand on the books. We have as much sometimes as 800,000 *l.* worth of stores on the books, and interest chargeable against that becomes a very serious deduction from the working profits. Furthermore, the Government have requested or required us to allow as a deduction the expense of the establishment to be maintained by the Government for the purpose of keeping up the supervision over the railway, which hitherto the Government have borne themselves. There are other charges of the same kind which do not occur to my mind, not very much, perhaps, but they all tend very much to increase, as compared with the present, the deductions from the net working profits before the divisible surplus is ascertained.

Mr. Grantham.

300. Can you tell me, assuming that the railway is worked at the same rate of profit at which it is being worked now, and paying, under ordinary circumstances, 7 per cent., what would the one-fifth of the surplus profits be, or what would the surplus profit be on one-fifth of the capital?—I have a paper before me, which I think will answer the question, the basis being the average net earnings of the line in the years 1876, 1877, and 1878; a rate of exchange must be assumed as the rate at which that money, being received in rupees in India, would be convertible into pounds here; I do not know exactly what rate to propose in the present state of things; I will take, for the sake of argument, 1 *s.* 8 *d.*, if you will allow me; the average net earnings of the railway during the three years I have named were 2,171,444 *l.*; the deductions, including some, but not all, of those stated in Clause 7 of the Memorandum of Terms, would be 1,651,500 *l.*; therefore the surplus profit divisible would be 519,944 *l.*

Mr. Campbell-Bannerman.

301. That is quite exclusive of certain of the new charges in this Clause 7?—It is. There would be further charges, and the amount would consequently be reduced.

Mr. Muntz.

302. This is the net earnings that would be divisible in those three years?—The surplus after the deduction of some of the charges stated in Clause 7 of the Memorandum of Terms, but not of all. Four-fifths of that 519,944 *l.* belonging to the Government would be 415,955 *l.*; the one-fifth coming to the company would be 103,989 *l.*; that would be the profit to which a capital of 5,550,000 *l.* would be entitled. A holder therefore would get 4 per cent. in the first place paid in cash to him, and in the second place he would get 1 *l.* 11 *s.* 9 *d.*, making his whole return for his money left in the concern, 5 *l.* 11 *s.* 9 *d.*

Chairman.

303. That is taking the whole charges?—Yes.

304. It includes the great proportion of the new charges, but not all?—Not all; and there are further charges which will have to be deducted over and above those stated in Clause 7, which I mentioned just now.

Mr. Campbell-Bannerman.

305. But they are comparatively small in amount?—Comparatively small in amount. I think I may sum it up in these words,—that if the railway company were to make the same as was made in the three years stated here, and the amount of deductions were the same, the utmost that a man leaving his money in the concern would get would be 5 *l.* 11 *s.* 9 *d.*

Chairman.

306. At present the surplus profits are brought home at the market rate of exchange, are they not?—Yes.

307. What arrangement is made under this Memorandum as regards the payment of its surplus profits?—At the present time the company in this country draws from India in the best way that it can its share of the surplus profits lying there, made available to it by the Government. We generally have got that by drawing bills here in the market, and selling them. We shall have to do so in future. In the calculation I made just now, the exchange was taken at 1 *s.* 8 *d.*, which may perhaps be a fair exchange. But another and a very important element comes into view now. Hitherto the guaranteed interest has been made chargeable to the net working profits at a fixed exchange of 1 *s.* 10 *d.* Hereafter, the net working profits are to be charged in India with the disbursements made in this country at the rate of exchange of the day to be ascertained; and, therefore, instead of having the certainty of 1 *s.* 10 *d.*, there is a considerable risk and uncertainty attending the future. Unless some of the ingenious minds which are now at work can improve the state of exchange, the probability is that the shareholder will be put in a worse position than the statement I just now read leaves him in, because the sum to be deducted from the net working profits in India would be enlarged by the considerable addition which would have to be made in consequence of the difference of exchange between 1 *s.* 10 *d.* and the rate, whatever it might be.

308. I do not quite follow that statement; at present, in payment of the guaranteed interest, the Government allow 1 *s.* 10 *d.* for every rupee paid by the East Indian Company into their treasury in India?—Yes.

390. In

Chairman—continued.

309. In future, all payments will be made by the Company into the treasury of the Government at Calcutta, or elsewhere in India?—Yes.

310. And the Government will pay an annuity in sterling here?—Yes.

311. Therefore the question of exchange will not in any way affect the annuity of the shareholder?—The annuity of the annuitant will not be in any way affected, because it is a payment contracted to be made here in sterling.

312. Then as regards the surplus profits, those who are entitled to participate in them will be in exactly the same position as they are now?—No, they will not be in exactly the same position, because the sum paid away in sterling money here will be brought to the debit of the account in Calcutta, at the current exchange of the day. I have assumed it will be 1 s. 8 d.; it is now under the contract 1 s. 10 d. We shall be charged, therefore, at the rate of a rupee for every 20 d., instead of a rupee for every 22 d., and consequently the amount of the net working profits in rupees in India will be very much decreased.

313. At present you get home your surplus profits as best you can?—Yes.

314. Under this proposed arrangement, the Government will get home the surplus profits as best they can?—For their purposes.

315. And for the purposes of those who are entitled to one-fifth of them?—No, they will not get them for the purpose of the one-fifth holders. Those persons will have their money paid to them by the company from the means at the company's disposal in Calcutta, brought to this country in the best way they can.

316. Then they are, exactly in the same position as they are now?—No; it is very different when you come to work it out.

317. If now all surplus profits to which the company are entitled are brought home by the company at the market rate of exchange, and if in future that portion of the surplus profits to which any portion of the shareholders is entitled is to be brought home, how will they be worse off?—They will be worse off because the surplus profits divisible will hereafter be less than they are now, inasmuch as they will have to bear the charge of a transfer of the money in account from London to Calcutta, at a varying rate to be determined from time to time, instead of the rate of 1 s. 10 d. I am assuming that the rupee will not recover its value beyond 1 s. 10 d. If the rupee remains below 1 s. 10 d., then the net surplus profit divisible between the company and the Government will be reduced, and we shall bear one-fifth part of the loss.

318. I am afraid I do not understand now; the surplus profits to which the company in future are to be entitled, will be brought home by them?—Yes.

319. They are brought home now by the company?—They are.

320. How will the position of the shareholders in the future be worse than it is now?—Because the fund, of which the company's share of surplus profits is one-fifth, will be diminished. The profits themselves have to bear the expense of the charge of the money at a varying rate of exchange, which I assume will be worse than the present rate of 1 s. 10 d.

321. The rate of 1 s. 10 d. does not apply to surplus profits, but only applies to the guaranteed

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Chairman—continued.

interest?—I am comparing the present with what I suppose will be the future state of things.

322. Does the 1 s. 10 d. apply to the guaranteed interest now?—It applies to the guaranteed interest.

323. It applies only to the guaranteed interest?—Yes, and not to the surplus profits.

324. The surplus profits will be in exactly the same position?—The surplus profits, taken simply by themselves, would be in exactly the same position; we get them on the best terms we can; all I want to show is that our share of the surplus profits available to us in Calcutta will be diminished, from the fact that we shall have to provide out of those earnings in Calcutta the amount of guaranteed interest here at a rate of exchange which will be worse than 1 s. 10 d.

325. At present every rupee paid by the company into the Government treasury is estimated to be worth 1 s. 10 d. In future it will only be estimated at its market value, which in all probability will be below 1 s. 10 d.?—That is a correct view of it.

326. There is a proposal contained on page 16 as regards commutation of an annuity of 5 l. 12 s. 6 d.; can you explain that to the Committee?—That is a part of the recital; the memorandum of terms finishes with Clause 11.

327. Are there any other arrangements by which the annuitants can commute their annuities into stock?—The Government have made a proposition that annuitants shall receive payment of their capital, if they please, in Government stock, ordinary Government 4 per cent. stock; that is to say, a man entitled to 125 l., may receive, instead of the annuity, 125 l. in that stock which is guaranteed not to be paid off before the 10th October 1888; after that he takes his chance; the Government may exercise their power of paying him off if they can do so, or it may go on; it is subject to arrangement; he becomes a general creditor of the Government; he loses altogether his connection with the company.

Sir H. Peck.

328. That would be India Stock?—Yes.

Chairman.

329. Is there any limitation as to the number of shares, or the amount of stock which may be so commuted?—No, it is open to every shareholder, under a circular which was issued not long ago, to exercise his option.

330. Is there anything in the Bill relating to that commutation?—There is nothing in the Bill that I am aware of; the Bill was drawn and deposited, of course, within the prescribed time, which, I think, was the 17th December, and at that time the suggestion of the Government had not made any way. It is only recently that they have written to the company requesting them to make that offer to the shareholders; the offer is stated in the circular letter which I referred to just now.

331. In fact you, as Chairman of the Board of Directors of the East Indian Company, have been authorised by the Secretary of State to say that he will pay a lump sum down of 125 l. for each 100 l. of capital stock in place of the annuity?—In stock; not in money.

332. Have you any idea if that offer will be generally accepted?—We keep an account day by day of the number of applications which come in.

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in. Down to yesterday the amount and number of applications for the Government of India 4 per Cent. Stock was 385 holders of 474,360 *l.* of the Company's stock, for 592,950 *l.* of the Government stock, but the shareholders have under the conditions of the Government letter the option of deferring giving an answer till the 26th May. I confess I do not think there will be a very large amount applied for.

333. Is there a large amount of trust money in the company?—There is a large amount of trust money in the company, but of course, like all public companies, we disclaim any knowledge of trusts. We can only infer that double accounts, that is, in the name of two or more persons, are trusts.

334. With your financial experience, will trustees, do you think, accept this annuity?—The trustees cannot accept the 5 *l.* 12 *s.* 6 *d.* annuity, because it is what I believe in law is termed a wasting security. It is for that reason that we have proposed in this Bill provisions under which they may relinquish so much of the 5 *l.* 12 *s.* 6 *d.* as being invested continually and held in trust will re-produce the principal sum of 125 *l.* at the end of the term of 73 years.

335. Who will conduct that operation of investing the annual amount?—The interest will be paid to the company for distribution amongst the shareholders, and those shareholders who may elect to do so will authorise the company to deduct the 7 *s.* 6 *d.* annually from the amount of their annuity. That 7 *s.* 6 *d.* will be paid into the Bank of England, and there it will be invested in the names of the Governor and Deputy Governor of the Bank of England and the chairman and deputy chairman of the railway company to accumulate.

336. By whom will it be invested?—By the four trustees; practically, by the Governor and Deputy Governor of the Bank of England.

337. Will this be a payment that is made by the Government, or by the Board of Directors of the East Indian Company?—The Government will have nothing to do with it. They will pay the amount of the annuity of 5 *l.* 12 *s.* 6 *d.* half-yearly to the company, and we shall deduct at the rate of 7 *s.* 6 *d.* per annum every half-year the amount of money which I have named for the purpose of the accumulation.

338. It is simply a private arrangement between certain shareholders and the Board of Directors?—The Government have nothing in the world to do with it, and it is done purely for the convenience of persons who we presume to be trustees.

339. Are there any other powers and options given to the shareholders of commuting the value of this annuity except that which you have mentioned?—There is no other.

340. In fact, you have now explained the whole of the financial operations proposed in the memorandum?—I think I have.

Mr. Fawcett.

341. When does the time expire for the giving effect to the option of whether a man takes the whole of his capital in annuity, or partly in annuity and partly in share of profits?—Under the Bill the company have to address themselves to the shareholders, requesting them to state what their decision may be, as to whether they will take the whole of the

Mr. Fawcett—continued.

annuity of 5 *l.* 12 *s.* 6 *d.*, or whether they will take the one-fifth. After that they will have to make another communication to their shareholders, requesting to know whether, if they take the annuity and do not take any of the fifth, they will take the plain annuity of 5 *l.* 12 *s.* 6 *d.*, or the annuity subject to the deduction of 7 *s.* 6 *d.*

342. Has that application yet been addressed to the shareholders?—A public meeting was held not long ago, when the whole matter was gone very fully into. A verbatim report of the proceedings at that meeting was printed, and a copy of it sent, by my desire, to the honourable Member.

343. Did you form any idea of to what extent the shareholders will avail themselves of this option of taking a share of the profits?—I think that it will be availed of to the full extent.

344. Everyone will take it, in fact?—Everyone who can.

345. As I understand this agreement, the Government agrees, for certain reasons, to give to the company, if they wish, one-fifth of the surplus profits; that is the case, is it not?—Yes.

346. What arrangement is made in estimating these profits. If this Bill passes, and during the next five years an extra amount of 10 millions of capital is for various reasons spent on the line; as I understand, the line at the present time is double for 400 miles, and single for 1,100; suppose the Government should decide that it would be advantageous to develop the line, and make it double throughout, and they spent a considerable amount of capital, and expending that capital they increased the earnings and increased the profits, would the shareholders be entitled to one-fifth part of those extra profits, as well as one-fifth part of the profits which were obtained on the whole capital?—It would be difficult to make a distinction; you could not divide the accounts of the company, so as to show what was due to new capital and what was due to old capital.

347. As I understand this arrangement, they will not only be entitled to one-fifth of the profits which arise from the existing capital, but one-fifth of the profits that may arise from whatever amount of capital may in future have to be spent on this line?—As their reward for managing the affairs of the company, and for superintending the outlay of this additional money.

348. But, as a matter of fact, there is no doubt about it; if, for instance, as often is the case, the Government should decide it is advantageous to increase this capital which is now 30,000,000 *l.*, to 50,000,000 *l.*, in order to develop the line, these shareholders would be entitled to one-fifth of the profits which were secured upon this capital of 50,000,000 *l.*?—No doubt it would be so; but the interest upon the money so raised would be an additional charge upon the working profits, and the labour of the company would be proportionately increased, as they would have much more arduous duties to perform, and all the responsibilities incurred in the outlay; perhaps the Committee will allow me to say this; in view of the contingencies which the honourable Member has stated, the company sent out rather more than a year ago their consulting engineer in this country, Mr. Rendel, to confer with the officers of the Government, and arrive, if possible, at some view as to what the probable amount

Mr. Fawcett—continued.

amount of increased expenditure would be for what we may call the development of the line, including that particular addition to it which has been mentioned, namely, the doubling of it. The whole question was very carefully investigated in India by Mr. Rendel, and by the officers of the Government, and he, on his return, addressed a report to the board of the company here which has been printed. I think he assumed that according to the views entertained at the present time a further outlay of about 2,100,000*l.* would be required to give full effect to the policy contained in the present scheme of the company.

349. As I understand the exact nature of it, suppose I am a shareholder in this company, and I elect to take four-fifths of my capital that I may have invested in the annuity, and one-fifth in the form of 4 per cent. and a share of the profits, what trouble should I have in the management of the company if I were not a director, except to receive a cheque which the Government might hand over to me; what difference would it make to me so long as it was a paying concern whether the capital of the company was 30,000,000*l.* or 50,000,000*l.*?—I suppose there is no company in existence where there is actual trouble incurred excepting on the part of those charged with the administration of the affairs of the company.

350. I was speaking not of the directors, but the answer you gave me rather led to the conclusion that if it were necessary to increase the capital of this company from 30,000,000*l.* to 50,000,000*l.*, more weight and additional responsibility would be thrown upon the shareholders, and the extra profit they might receive would represent the recompense for the extra labour and responsibility which would be thrown upon them?—It does not follow that there would be any extra profit.

351. But suppose there is; the shareholders would be in just the same position as the shareholders of any other company, and whether the capital of this company is 30,000,000*l.* or 50,000,000*l.* or 70,000,000*l.*, it would not make the slightest difference to them so far as trouble and responsibility went?—It would not, to them personally.

352. If the capital of this company is increased, and if it turns out to be remunerative, they will participate in larger profits without contributing anything more?—If the profits are earned they would. If, on the other hand, the outlay were unproductive, then they would suffer for it in the larger sum deducted from the net working profits.

Chairman.

353. In this memorandum there are certain things which will be deducted from the net working profits; certain stock, and a certain debt. Now take this case; supposing the Indian Government were, as Mr. Fawcett presumes they might, to spend a certain sum of money in doubling the line of the East Indian Railway Company, there is nothing in this section which would enable them to deduct from the net profits the interest on the money they would raise for the construction of that line?—No, there is nothing in this section, but in the Bill we are authorised to enter into contracts with the Government for various purposes, and the contracts would include provision that any money

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raised for any purposes of that kind would become a charge.

354. You agree that these words themselves are not sufficient?—No; they do not include it.

Mr. Fawcett.

355. According to that, under the Bill, what security have we that that would be put in. The interest on that money would not be a charge on the railway?—It is not included here because we are dealing with facts here; the other is the possibility in the future. We cannot put the contract in now, though it has been drawn, for this reason; it cannot be entered into until the Bill is passed. It is the Bill only which gives us power to make the contract.

356. You could enter into a conditional contract in the event of the Bill being passed?—It amounts to that in point of fact. There can be, as far as I am aware, no reason whatever why this contract between the Government and the company should not be as public as the Bill is, and as much under the control of Parliament, if you please. I may state that the Bill is drawn in conformity with the last section of the memorandum of terms, to carry out the arrangements which are here put forward in the letter from Sir Louis Mallet to myself. Subsequently we have received from the Government a further Memorandum, stating some conditions which they wish put in the contract, rather enlarging their advantages, I think, and perhaps making (to use a common expression) their hold over us a little more tight. The 11th section says: "The details of the future relations of the Secretary of State in Council and the company in this country, and between the Government of India and the executive of the company in India, will be founded mainly on the arrangements made under the existing contracts." We have had therefore to import into the draft of the contract so much of the existing relations as is shown in the existing contracts as is not inconsistent with the new arrangements in view. That is precisely the frame of the contract.

357. I am in this position; having devoted a good deal of attention to this subject, I think the existing contracts are the most extraordinarily unfavourable contracts that ever were entered into by a Government; and as I understand this 11th clause which you have just read, these new contracts are to be based upon those contracts?—They are to be based only as to matters of what I may call the relations between the Government and the company; that is, the power of the Government to control us, and to take part in our proceedings, and so on.

358. What defines "the company" when you say the profits made by the company; suppose, for instance, under this company the Government should agree to make a new line, is there anything in this Bill to prevent the shareholders, who have a fifth of the profits, participating in the profits of that new line, in connection with the present line; suppose they decide to throw out half-a-dozen branches?—The contract, I think, will lay down that the Government may enter into a contract with this company for the construction and working, or for the working of any line now in existence which is in connection with the railway, upon terms that are to be agreed upon in each particular case. That is the view

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Mr. Cranford.
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Mr. Fawcett—continued.

we have taken of a suggestion made to us by the Government upon that particular point.

359. It seems to me it is left in this position: the original Midland Railway, for instance, was a short line, we will say from Derby to Leicester; if anyone had been entitled to one-fifth share of the profits of that line, and it still had been called the "Midland Line," they would be entitled to one-fifth of the profits on a line when the capital has been increased tenfold; is there anything in this Bill to prevent a similar thing occurring?—I do not see any analogy at all between the two cases.

360. Suppose this company is very much extended?—I have stated what the provisions are intended to be, as I understand, between the Government and the company.

361. What I mean is, not what they are intended to be, but, so far as this Bill is concerned, and any documents that we have before us, however much this company is developed, however much the line of railway is extended, however much the capital of the company is increased, according to the Bill which we are now considering, the existing shareholders, if they like, will be entitled to claim one-fifth share of the profits for 20 years?—For a term of not less than 20 years; the Government will then have the power of coming in. With regard to these works which are in contemplation, to which I referred just now, it will take a long time to execute and carry them out; and after they have been executed and carried out it will take some time to develop them.

362. Has it not been proposed to extend the line beyond the existing terminus?—Never. The policy of the company has always been to rest content with that which it had got, and not to indulge in branches or any additions at all.

363. Still I am correct, am I not, that they would have their share in all the profits?—You are correct in that. But I wish to say this, that our line is so to say self-contained. It proceeds in a well understood direction of trade and commerce from Calcutta to Delhi. It cannot go to the right or to the left, because there are existing railway enterprises there. We must be content to remain where we are. Any additions that may be made will be of a very minor character merely for the public convenience. The principal work contemplated at the present time is making a bridge over the river Hooghly about 20 miles above Calcutta, for the purpose of taking the line into Calcutta, and that I am afraid is one of those things which will have the effect rather of benefiting the public, in one sense of the word, than benefiting the railway company or those concerned in the profit to be derived from the outlay of the money.

364. That is the extension to which I was referring. That would be a very large work, and if it should turn out to be remunerative, the Government would have alienated one-fifth of the profits of that extension?—No doubt it would be so. If the honourable Member assumes, I may assume too that the outlay is not profitable.

Mr. Herbert.

365. Would not it be a reasonable interpretation of the arrangement, as to which you have just been answering, that the Government and the company having agreed between themselves upon the value of the property which the com-

Mr. Herbert—continued.

pany had to sell and the Government to buy, they are so satisfied of the justice of the terms that they are both willing that the company should continue to be interested to the extent of one-fifth upon equal terms for a certain period longer?—It is so.

366. Does not that fact show that both of the parties are satisfied that the terms are equitable on both sides?—It is so.

Mr. Muntz.

367. You stated just now that these proposed annuities, if the Bill passed, could not be accepted by trustees; the 4 per Cent. Indian Government Stock is accepted by Government, is it not?—Yes.

368. Was your calculation of the profits of 1876, 1877, and 1878 inclusive, that made in rupees or in sterling?—It is the rupee currency converted for the purpose of the statement into sterling money at 1 s. 8 d. a rupee.

Mr. Grantham.

369. I may be wrong, but it seems to me, looking at the Act itself, that the deductions that ought to be made prior to arriving at the surplus profits are not set out in the Act. All it says is in the 10th clause of the Act, the 3rd line on page 21: "And for the participation by the company to an extent not exceeding one-fifth in the profits of the undertaking: Provided always," &c. It does not say in the Act how you are to arrive at the surplus profits of the undertaking?—I think that is provided for in the contract.

370. If you look at Clause 22, it says; "From and after the commencement of this Act, the company may enter into and conclude with the Secretary of State any contract or contracts for any of the following purposes, in addition to the purposes for which powers are given to make contracts under or by virtue of any of the Acts relating to the company; that is to say (a), the carrying into effect the memorandum of terms come to between the company and the Secretary of State, and any addition thereto or modification thereof as may be agreed upon between them." It would appear from that that although those are the terms which are embodied in this Act, so far as the preamble is concerned, yet they may be departed from in the contracts that are to be made between you and the Government?—If they are departed from it will only be to our disadvantage, I suppose; speaking from a strict point of view, the honourable Member is right.

371. With regard to the other question which Mr. Fawcett was putting; there is, practically, a new company to be formed out of your present company, by taking one-fifth of the present men, or anybody else that likes to come in, it will be a new company formed for the purpose of working it; practically, it will come to that?—It will not be a new company, I think, legally speaking; the old company will not cease to exist.

372. Practically, it will be a new company?—It is the old company to a limited extent, as regards its proprietors, in a state of abeyance in some respects. It is a company for the purpose of working the line on the part of the Government, and to be remunerated in a particular way.

373. Practically, it is a new company formed for the purpose of working the line?—Yes; I understand what the honourable Member means though I would not exactly accept it as a definition.

374. It

Mr. *Grantham*—continued.

374. It being a new company formed for the purpose of working the line, the difference between the interest of the old company and the new to see that the money is properly expended is this, that in the case of the old company they are practically interested in seeing that the directors do not spend too large an amount of capital, because unless the capital so expended is remunerative they lose their interest on the capital, and in the present case they lose no interest on the capital expended at all; they only lose their chance of a profit on the surplus earnings?—The expectation of a profit being the only thing which induces them to go in, the loss of that profit is a great loss to them.

375. That is the difference, is it not; in the one case they lose the interest on the capital expended, and in the other case they stand to lose is a share of the surplus profits?—Just so.

376. Which is a very different thing from the interest on the capital sum?—Yes.

Sir *Henry Peck*.

377. I think you said the policy of the present directors was to stick to their line as it is?—It has always been so since the line was finally settled.

378. Supposing, for political or other reasons,

Sir *Henry Peck*—continued.

the policy of the Government should be different, are the one-fifth people, *nolens volens*, committed to anything beyond?—As the contract is now drawn, any arrangements for addition to the system of the company must be a matter of agreement for the time being, and I apprehend that being the case, it could not be entered into unless with the consent of those persons whom the honourable and learned Member calls the new company. They have an interest in seeing that no expenditure is incurred which will diminish their profits.

379. If they did not like any proposed additions, they would have the opportunity of saying: Well, if this is to be made, it must be made by the Government at their own risk?—Exactly so; that is the intention of the Government and of the contract at this moment.

Chairman.

380. Will you furnish the Committee with a statement showing the financial results of the management of the East Indian Railway Company since its formation?—I will have a statement put in hand immediately; and, as I understand the Committee is not likely to meet again until after Easter, I will see that it is forwarded to the Clerk of the Committee.

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Mr.
Cranford.
2 April
1879.

Tuesday, 22nd April 1879.

MEMBERS PRESENT:

Mr. Fawcett.
Mr. Grantham.
Lord George Hamilton.

Mr. Hubbard.
Mr. Muntz.
Sir Henry Peek.

LORD GEORGE HAMILTON, IN THE CHAIR.

SIR LOUIS MALLET, C.B., and MR. E. R. CAVE-BROWNE, called in; and Examined.

Sir L.
Mallet, C.B.,
and
Mr. Cave-
Browne.
22 April
1879.

Chairman.

381. (To Sir Louis Mallet.) I BELIEVE, as Under Secretary of State for India, you are cognisant of all the negotiations which have recently taken place relating to the purchase of the East India Railway?—Yes, I am.

382. We have had given in evidence before us the probable financial effect of the proposed arrangements. The Committee, however, were anxious to have some statement from some one of authority as to the reasons which induced the Government to enter into this negotiation with the East India Railway Company for the acquisition of the line; perhaps you can give that information to the Committee; and as the Bill which is before us refers to two transactions of rather different characters, I think it would be as well, if you could, to divide your statement, and refer first; to that part of the transaction which relates to the acquisition of the line, and then secondly, to the proposed arrangements for the future working and the management of the line?—With regard to the acquisition of the line, as to the general policy which the Government thought it right to adopt on this occasion, I may observe that it has been for a long time foreseen that whenever the time arose for the possibility on the part of the Government of acquiring the line, a very important question would arise as to the course to be taken, and I think that both on the part of the Government of India and on the part of the Home Government there was a very general concurrence of opinion that on the whole it was desirable to avail themselves of the power given by the contract, and to acquire possession of the line. The reasons for that are very easily stated. The line had been a very great commercial success of late years; it had originally, no doubt, cost a great deal of money, but it had been for several years steadily improving in value, and had become extremely valuable property, returning to the shareholders an increasing rate of interest, and for the last year or two a high rate of interest. Looking to the future and the extreme probability of a very large expansion of trade on the line, it appeared very difficult to the Government to forego the opportunity of acquiring a property which might at some future time become one of very great value indeed. On the other hand, there were a considerable number of authorities connected

Chairman—continued.

with the Government at home (I do not think, that on the part of the Government of India there was any difference of opinion), who thought that it was very desirable to leave the management and the possession of the line in the hands of the company, and to confine ourselves to the endeavour, if possible, to renew our engagements with the company on terms more favourable to ourselves, by granting them a new lease under which we should have taken to ourselves a larger share of the profits. This view was held by many persons of very considerable authority, and was urged with very great force and with a considerable cogency, and there was a great deal to be said for it; so much so that it became an element which it was absolutely necessary for the Secretary of State to take into account in deciding on his policy. It was very difficult for him, without very strong reasons, to overrule the arguments which were laid before him by some members of his own council, and by others who were very strongly in favour of leaving the company in possession of the line; and the reasons, I think, which ultimately induced the Secretary of State at the time to decide on the purchase were, first of all, the reason I have already mentioned; that is to say, the probability of the property becoming one of great value in future years, and also what may be called, to a certain extent, a political motive, the conviction, that in India particularly, it was a very important thing for the Government to have something amounting, as nearly as possible, to absolute control over a great line, with a view to arrangements with other companies and with future lines for all sorts of objects, all the objects of Government, in fact. These were the considerations which induced Lord Salisbury, then Secretary of State, when the time arose at which it appeared quite necessary to make up his mind as to the course to take (I think it was in the autumn of 1877) to decide, as he did, with the concurrence of his Council, after great discussion, to avail himself of the power given by the contract and to acquire possession of the line. At that time the mode of acquiring it was not decided, but a communication was made to the Government of India, stating the opinion of the Secretary of State in Council, and requiring their opinion on the subject.

383. Then

Chairman—continued.

383. Then I assume you had to consider the methods by which under the contract you could purchase the line?—Quite so. That consideration, as I have just observed, arose subsequently. At the time I am speaking of, historically (I am giving an historical account), as far as my memory serves me, I do not think in the original communication to the Government of India any particular mode of acquiring the line was indicated, I think it was a question which was left open, and on which the opinion of the Government of India was rather invited. But when their reply was received (which not only agreed with the Secretary of State as to the policy of purchase, but expressed the most emphatic opinion in favour of it), which was not till towards the middle of 1878, then the question arose as to the method by which that purchase was to be effected. The Committee is quite aware that in considering that question the Government was bound, at all events, in the first instance, by the terms of the contract. The terms of the contract were very distinct; there may be no doubt differences of opinion as to the construction to be placed upon those terms, and as we all know there have been very great differences of opinion. However, it had been a matter which for years had been under discussion in the India Office, and, at all events, the India Office had made up its mind as to the construction which ought to be placed upon the terms of the contract. Generally speaking, there were two courses which were prescribed, and two courses only, by the contract; one was to acquire the line by paying the company in cash the value of their shares, calculated on the average mean value of the shares in the London market for three years preceding the purchase; and the other was to proceed by way of annuity to purchase the line by payment of an annuity, in which case the rate of interest was to be calculated on the rate of interest received on the Secretary of State's securities in London for two years preceding the purchase, with a sinking fund to be added for the purpose of replacing the capital of the company at the end of the residue of the term of the original contract, namely, 73 years. Those were the two courses which were open to the Secretary of State under the contract, and after very great discussion, and an exchange of views with the chairman of the company, he ultimately decided upon proceeding by way of annuity. I should say perhaps that the Government of India had suggested in the first instance that we should endeavour to propose to the company a third course, which was to offer them four per cent. stock. That course was one which we had no sort of power to insist upon; it was an offer which we had a right to make by way of a compromise, and it was submitted confidentially to the chairman of the company, and the Secretary of State was informed that that proposal would not be acceptable to the company, and that it could not be accepted as a basis of negotiation. We therefore were obliged to fall back upon the terms of the contract; and the two courses which I have already indicated were open to us. To proceed by the first course, that is, to pay the company in cash, would have been in the opinion of all the financial authorities who were consulted by the Secretary of State an extremely dangerous one; it would have involved the raising of a

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Chairman—continued.

very large loan at a time when it was extremely undesirable to do so. I may mention one circumstance which of itself is quite sufficient to render such an operation one of extreme hazard and great imprudence. In the year 1880 the time will have arrived for the paying off of a very large loan of 17,000,000*l.* at 5 per cent.; that will involve, of course, the necessity of raising for the purpose a loan to an equal amount at a lower rate of interest; and in anticipation of coming to the market for so large a sum, to have endeavoured to raise a loan of 32,000,000*l.* to pay off the company would have been a course the results of which it would have been quite impossible to foresee, and one which the Secretary of State and his advisers thought it would have been in the highest degree imprudent to adopt. He therefore fell back after great consideration upon the second alternative, proceeding by way of annuity and purchasing the line by that method. The only course then left was to take the terms of the contract and to endeavour as far as possible to adhere to them. The terms of the contract, are perfectly well known to the Committee. I have already stated them as to the mode of calculating first of all the value of the shares and then the value of the annuity; and with reference to those two processes very careful calculations were made, and the result was that it was discovered that as regards the mean price of the market value of the shares for the three years preceding the purchase, the actual average price for that period came out at 124*l.* 3*s.* 3*d.*; that was the result of our calculation as to the mean market price here for the three years preceding the date of the contract. Then came the question of the rate of interest. Upon that, according to the construction that was placed upon the contract by the India Office, the calculation was a very simple one; it was merely to take the average rate of interest received on the Secretary of State's securities during the two years preceding the purchase, although those two years of course had not elapsed, and therefore it was impossible to comply strictly with the terms of the contract, and we could only take the time that was behind us and make our calculation upon that foundation; that calculation resulted in our finding that the average rate of interest amounted to 4*l.* 6*s.*

384. (To Mr. Cave-Browne.) How did you arrive at that figure; by what exact arithmetical process?—I was first applied to for the calculation in August 1878, when I referred to the Returns that had been presented to Parliament of the Home debt outstanding on the 31st of March 1877, the 30th of September 1877, and the 31st of March 1878 respectively, and ascertained from the India Office Books of Account the amount of debt then outstanding in the middle of August. I added together the sums on which 4 per cent. was being paid at those four dates, and divided the aggregate by 4, which showed an average sum of 40,001,262*l.*, bearing interest at 4 per cent.; the sum of 17,200,000*l.* was bearing 5 per cent. interest at each of those dates; the average rate of interest thus obtained was within a small fraction, 4*l.* 6*s.* per cent. That was in August. Subsequently a communication was received from the East Indian Railway Company in which the average interest was stated at something like 4*l.* 6*s.* I then made a fresh calculation, and included the amount of debt shown in

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Sir L.
Mallet, C.B.,
and
Mr. Cave-
Browne.

22 April
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Sir L.
Mallet, C.B.,
and
Mr. Cave-
Browne.

22 April
1879.

Chairman—continued.

the return to the 30th of September 1878, and I found that the alteration in the amount of debt had been so slight that the average rate of interest was still 4 l. 6 s.

385. Then you took all the stock, whether it was bearing interest at 5 per cent., or 4 per cent., at par?—Yes.

386. And divided the total amount of the stock by the total amount of the interest payable upon it?—Interest on 17,200,000 l. at 5 per cent., amounts to 860,000 l. interest on 40,121,637 l. at 4 per cent. to 1,604,865 l.; as therefore the total debt amounts to 57,321,637 l., and the interest thereon to 2,464,865 l., the rate of interest is 4 l. 6 s. per cent.

387. That is to say, that the 17½ millions of stock bearing 5 per cent. interest raised the rate of interest by 6 s.?—Exactly so.

388. (To Sir Louis Mallet.) You were explaining the calculation by which 4 l. 6 s. was arrived at; will you proceed?—Then with regard to the sinking fund, that, again, was governed by the rate of interest, and that calculation also having been very carefully made in the India Office resulted in our finding that the sum of 4 s. would represent, at that rate of interest, the sinking fund necessary to redeem the capital at the end of the 73 years. The result of these different calculations was that on the original stock of the company the Secretary of State found himself under the necessity of offering the sum of 5 l. 12 s. 6 d. as annuity and sinking fund. I forgot to mention to the Committee the price which was decided upon to be offered to the company for their stock. I have already stated that according to the strict interpretation of the contract the mean price of the shares for the three years preceding the purchase, at all events the three years which had preceded the date of our calculations, amounted to 124 l. 3 s. 3 d., and that, of course, was a price which the Secretary of State might have proposed to the company, and it was a matter of great discussion as to whether we should adhere strictly to that particular figure, or whether we should give the sum which was ultimately determined upon; and it was decided that on the whole it was a course in every respect more desirable to give 125 l., than to give 124 l. 3 s. 3 d. There were many reasons for that. I may mention one, perhaps, which very naturally weighed with the Secretary of State, namely, that the price of the shares had been for some time past unduly and unnaturally depressed from the imminence of the possible purchase. It is obvious that the price of the shares could never have risen very much above their mean value in the market of London for the three years preceding the purchase, so long as there was an apprehension on the part of the holders that at the time the Secretary of State would purchase; and there, no doubt, had been a steady decline in the price of the shares for some time previous to the purchase in consequence of that circumstance. There was very little doubt, therefore, that the shares were really below their real value, and that in offering 125 l. we were giving an extremely moderate price for the property which we were acquiring. It was a figure which in many respects represented a great many advantages; we were anxious in dealing with a very important and useful company, and one which had rendered good service, not to have the ap-

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pearance of exacting a fractional advantage without any very great object, and there was a very unanimous decision of the Secretary of State in Council that 125 l. was a fair price to offer, and a desirable amount to fix. Those were the reasons, among others, which led to the offer of 125 l.; and having fixed upon 125 l. the rest became very simple, and the result, as I have already stated, was that the rate of interest to be paid in the form of an annuity, including the sinking fund, on the original stock was 5 l. 12 s. 6 d., and that on the 125 l., on the actual value of the stock as fixed by the proposal, it amounted to 4 l. 10 s.

389. When you conceded a slight point to the company by taking their stock at 125 l. in place of 124 l. 3 s. 3 d., did you get any counteracting concession as regards the annuity?—On that part of the subject I should be glad to tell the Committee what was the result of the calculations of the India Office, which hitherto had coincided without any sort of concert between the calculations on the one side and those on the other side; up to that time there had been an absolute coincidence in the calculations on both sides, which certainly was a very strong confirmation of their accuracy. I have said that the calculations we made brought out the rate of interest at 4 l. 6 s.; the calculations of the company, I think, brought the figure out at 4 l. 6 s. 1 d.; there was a difference of 1 d., and that difference was, of course, one which we were not bound to accept; it was a matter of negotiation; we were negotiating; there was a difference of opinion, and the company on their side expressed their willingness to waive any further discussion on that point, and give up any advantage, if we on our side would waive any on the price of the stock; and the two concessions, when reduced to figures, were found very nearly to balance each other. That was an additional motive for not standing out on the price of the stock, and I think that was the only point on which there was any sort of difference in the calculations of the company and of the India Office.

390. Then, of course, before deciding to purchase by the Annuity Clause, I assume the India Office made certain calculations as to what the financial effect would be, assuming they were to adopt the other course, namely, that of paying a lump sum?—Yes.

391. Could you or Mr. Cave-Browne place before the Committee any figures which would illustrate what the difference between the two processes would have been?—Mr. Cave-Browne remarks to me with perfect truth, that that calculation, of course, could only be made out approximately; we could not have made it with a view to any practical decision, because the result would have entirely depended on the rate of interest at which we were able to raise so large a sum as the 32,000,000 l., and that being a completely doubtful quantity any calculation was entirely speculative. We may say generally, no doubt, that at whatever rate below 4 l. 10 s. per cent. we could have raised our money, there would have been so much less deducted from the gross earnings of the railroad; but within that margin it is impossible to give a precise figure. It is perfectly clear that the payment of the annuity involved a larger deduction from the gross earnings of the railroad, than if

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if we could have paid the money in cash at a lower rate of interest; but the rate of interest at which so large a sum could have been raised is quite doubtful, and therefore I am unable to give the Committee a figure for the purpose of making that comparison.

392. At first sight it appears that the company get the advantage of having the 5 per cent. stock, which is redeemable next year, included in the obligations of the Secretary of State, because the more recent loans which he has raised have only 4 per cent. payable upon them; therefore, it would appear that the company get a higher rate of interest than they would do some few years hence; but I assume that that rate of interest also prejudicially affects the company as regards the sinking fund?—No doubt the higher the rate of interest the smaller the sum which can be set aside for the sinking fund, and the rate of 4 l. 6 s., which is the rate of interest, is a rate at which, practically, it would be difficult to invest for the purposes of a sinking fund, and that is a very great disadvantage to the company; in fact, as has been seen by the terms offered by the company to their shareholders, with which we have nothing to do, the directors have come to the conclusion that they cannot calculate on a higher rate of interest than 3½ per cent. for the purpose of their sinking fund; so that from that point of view the company, no doubt is placed at a considerable disadvantage.

393. (To Mr. Cave-Browne.) Could you give us any figures as to the annual amount of the sinking fund, assuming some lower rate of interest was taken than that of 4 l. 6 s.; were any calculations of that kind worked out at the India Office?—The only calculation that I have with me which bears on the point at all, is one I made in August last; I took the highest and lowest price of the stock during each month of the three years preceding, which produced a mean price of 123½ l.; that price, however, was not borne out by taking the highest and lowest quotation of each day, as was done subsequently. Having arrived at 4 l. 6 s. as the average rate of interest, and there being no annuity tables calculated at that rate, I ascertained from Jones' Tables, which had nothing between 4 and 4½ per cent., that 123½ l. taking interest at 4 per cent., would give an annuity of 5 l. 4 s. 4 d.; and at 4½ per cent. an annuity of 5 l. 15 s. 5 d.

394. Then the difference between 4 per cent. and 4½ per cent. is 11 s. 1 d.?—Yes, that is taking the stock at 123½, which was only taken approximately, and was not found to be accurate.

395. Does that include the sinking fund?—Yes, certainly, that is calculating an annuity, an annuity in lieu of interest; the annuity includes the sinking fund.

396. Therefore that is the difference in the payment which would annually be made during the time that the annuity runs, 11 s. 1 d.?—Yes, that would be the difference of the annuity during the 73 years.

Mr. Fawcett.

397. According to that, then, the difference of one half per cent. in the rate of interest would make 1 s. difference in the amount of the sinking fund, would it not?—It would be about that.

0.73.

Chairman.

398. (To Sir Louis Mallet.) Taking an annuity calculated at 4 per cent. and 4½ per cent., could you tell us the amount of the sinking fund in each instance?—Taking the rate of interest at 4 per cent., the amount of the sinking fund would be 6 s. 0¼ d. for 73 years.

399. And at 4½ per cent.?—I have not got the calculation for that.

400. (To Mr. Cave-Browne.) Are there any annuity tables which would give us the difference, taking the rate of 4 l. 6 s.?—There are no annuity tables calculated at 4 l. 6 s.; the annuity at that rate was worked out by the actuaries.

Sir Louis Mallet.] Taking the rate of interest at 4 l. 6 s. the annual contribution to the sinking fund would be 4 s., in order to replace the 125 l. at the end of the year. Taking the rate of interest at 4 per cent., the annual contribution to the sinking fund would be 6 s. 0¼ d.; that is the comparison.

Chairman.

401-2. Then the rate of interest was somewhat abnormally raised in this case on account of there being 5 per cent. stock which is redeemable next year?—Undoubtedly that was an unfavourable circumstance in the transaction; it was unfortunate that this stock was still unredeemed before the purchase.

Sir Henry Peck.

403. Still on the terms of the contract you could not help it?—We could not help it.

Chairman.

404. Then what you really had to consider, as a matter of policy, was whether or not you should proceed under this Annuity Clause, putting upon it the construction which you believe to be the correct one, and with the disadvantage of knowing that you would have to pay a higher rate of interest than you would have had to pay, say, two years hence, or whether you should pay the 32,000,000 l. down in gold to the company?—That was our view distinctly.

405. I suppose one of the great objects of the India Office is to reduce their liabilities in England?—No doubt.

406. And in considering the process by which the Government should acquire this valuable property, you naturally considered what was the method by which the debt to the company could be most easily and continuously extinguished?—No doubt.

407. Then if you had paid a lump sum down, say, of 32,000,000 l. to the company in gold, how would you have been able to have gradually reduced or redeemed that amount?—That no doubt was one of the most important financial considerations which weighed with the Secretary of State in his decision; it was felt that largely to add to our permanent debt in a direct form was a course which was open to very grave objections. As I have already explained to the Committee, in anticipation of the very large operations which are pending next year, it would have been probably extremely impolitic to come to the London market for so large a loan, and extremely improbable that we should have been able to obtain it at anything like 4 per cent. It may be urged that, practically, the debt is merely in another form, and that is perfectly true; but on the other hand, it does not at all follow that the

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holders of the stock of the East India Railway Company would all take up a 4 per cent. stock; on the contrary, it is extremely improbable that they would do so; speaking generally, they are not the same class of persons; the one investment is not the same thing as the other. What would have happened in all probability would have been this, that if we had raised the loan and paid the shareholders in cash, some of them, no doubt, perhaps a considerable number, might have invested that money in a new loan, but a considerable part of it would have been thrown on the market, and in all probability in 1880, when we should have been obliged to come to the London market for a loan to pay off a very large 5 per cent. loan, we should have found the market drained, and been obliged to pay a much larger price than we wanted.

408. If you had paid a lump sum down, and had at the same time wished to redeem that sum at the end of the period of 73 years, which comprised the remainder of this lease, you would have had to embark in two financial operations, first, to take measures for raising the 32,000,000 *l.*, and then by a separate transaction to take measures to establish a sinking fund?—Yes.

409. I suppose there would have been considerable danger of the operation of that sinking fund being suspended, whenever the Indian Government had to remit home sums of money, because of the exchange difficulties?—The course which the Secretary of State would have been obliged to take in order to place himself in an equally advantageous position as he would be in if he proceeded by way of annuity, if he had taken the course of paying the company in cash, would have been, as you have observed, to have created for himself a sinking fund, so as to replace the capital of the stock at the end of the 73 years. As has been already explained to the Committee, that could only have been done by taking the rate of interest at a very much higher rate than that which under the contract we pay to the company as a sinking fund. The calculation would have stood in this way: under the present arrangements we pay to the company 5 *l.* 12 *s.* 6 *d.* per 100 *l.* of the original stock, of that 5 *l.* 7 *s.* 6 *d.* is the interest, and 5 *s.* is the sinking fund. If, on the other hand, we proceeded by buying the line by a cash payment we should have had to raise stock, assuming we could have done it at 4 per cent., which is already a very strong assumption, and one which I am not at all prepared to make; even supposing we could have got our 32,000,000 *l.* at 4 per cent., we should then have been obliged to pay 5 per cent. on the original stock, and in addition to that, a sum of 8 *s.* 8 $\frac{1}{2}$ *d.* on the 125 *l.* for a sinking fund. The difference between the two transactions would have been this, that the Secretary of State would have saved 3 *s.* 9 *d.* on every 100 *l.* That point was one which was very fully discussed, and very deliberately considered. No doubt there are many persons who think that that 3 *s.* 9 *d.* is a very large margin; that it would have been sufficient to have enabled the Secretary of State, if he chose to make a still larger sinking fund, not only to have replaced his capital, but to have replaced a great deal more, because he would have replaced not only his 125 *l.*, but another 54 *l.*, and that appears at first sight to be a very large sum; but, on the other hand, it was urged, and conclusively urged, to the mind of

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the Secretary of State in Council, after great discussion, that, regarded from another point of view, it is a very small and a very insufficient margin. This opinion, I should say, rests on the assumption that we should be able to get for the whole of the 73 years the rate of interest of 3 $\frac{1}{4}$ per cent., which even now is proved to be a very doubtful hypothesis; we should not have thought it right to invest our sinking fund in any security less secure than consols, and consols, as we know at the present moment, are very nearly at par; so that we might have found ourselves almost at once only receiving 3 per cent., which would have brought out a completely different result in the calculation, and it would have created a very large addition to our Government debt, of itself a very great evil. The effect on the market is one which it is quite impossible to predict, but many of the best opinions that we received were to the effect that such a course would have decidedly affected the price of any further stock which we endeavoured to issue, and, as we can easily understand, the difference of 3 *s.* 9 *d.* on 100 *l.*, when it comes to transactions so vast, sinks almost into insignificance; it might be completely swallowed up by the turn of the market when it comes to issuing a large loan to the public; and, on the whole, the Secretary of State in Council came to the conclusion that 3 *s.* 9 *d.* was not a sufficient margin to make it desirable to enter upon a course open to so much doubt.

410. Putting out of sight therefore the very important factor of the rate of interest, the form of purchasing this line under an annuity was more satisfactory, in the opinion of the Secretary of State, than purchasing by a lump sum?—Certainly.

411. Inasmuch as the operation of the sinking fund could not be interrupted?—No doubt.

412. As regards the question of interest, supposing the alternative plan had been adopted the Secretary of State had had to appear in the money market as a borrower to the extent of 32,000,000 *l.* in gold, and I assume that as one of the financial advisers of the Secretary of State, you at the present moment would not like to adopt such a course unless you were positively obliged to?—Certainly not; I should view it with very great dread.

413. And therefore that difference of 3 *s.* 9 *d.* assumes that the Secretary of State could have raised 32,000,000 *l.* at 4 per cent. in the present condition of Indian finance and the money market?—No doubt.

414. And you think that is very questionable indeed?—Very doubtful; more than doubtful, I should say.

415. And you were not prepared to run that risk?—No.

Mr. Hubbard.

416. Would it not simplify very much the consideration of the question if the comparison between the two methods of payment were stated thus: on the one hand, payment in cash is payment in full; on the other, there is payment by instalments over 73 years, with interest added, under the form of an annuity, of which the equal annual amounts combine capital and interest in varying proportions, but a terminable annuity is practically nothing but a mode of paying a debt by instalments at a fixed rate of interest?—No doubt

Mr. Hubbard—continued.

doubt that is one way of putting it, and perhaps as good a way as any.

Mr. Grantham.

417. Can you tell us, with regard to the last loan raised for the Indian Government, what is the rate of interest for it?—In the London market, 4 per cent.; the recent loans have been all at 4 per cent.

Chairman.

418. This contract, or arrangement, into which you are entering with the East India Railway Company, anticipates, does it not, the date by which under the contract you had the power to purchase?—Undoubtedly.

419. The main line would not become purchasable until the end of the present year?—The main line becomes purchasable at the end of the present year.

420. And therefore this was an arrangement anticipating the time by which, under the contract, you could purchase the line?—The Secretary of State was bound to give notice of his intention to purchase on the 15th of February 1879, but the purchase must be completed by the end of the present year. With regard to the Jubbulpore branch, it was a very much greater anticipation; there, under the terms of the contract, the time at which the Secretary of State had the power of insisting on purchase, was not till 1883; it was a very much greater anticipation. With respect to the main line, it is obvious to the Committee that unless the Secretary of State had been prepared to act literally under the terms of the contract, and terminate his connection with the company altogether, it became absolutely necessary for him to enter into some negotiation with the company with a view of substituting some arrangements by which the services of the company might be retained that were not contemplated by the terms of the original contract. Under those circumstances it was necessary to anticipate the time at which the notice was given, with a view to enable the Secretary of State to decide upon the policy of giving such notice; and it was on that ground that the course was taken which I have described to the Committee, and the negotiations were entered into with the company last summer for the purpose of arriving, if possible, at some arrangement which would have enabled the Secretary of State to see his way to give to the company on the 15th of February a distinct notice of his intention to purchase, which decision depended very much upon the possibility of arriving at some arrangement with the company of a kind which was satisfactory to him. With regard to the Jubbulpore branch, the attempt to combine the two purchases in one operation was urged upon the Secretary of State very strongly by the Government of India for reasons which I think are very obvious. In the administration of a great line of railroad it is sufficiently apparent that the administrative advantages of having the whole system dealt with under one set of rules, and by the same body, are very great; and although, no doubt, there was a certain financial disadvantage, of a very small character, in anticipating the date of the purchase of the Jubbulpore line, for the reason already mentioned by the Chairman, that if we had waited till 1883 we should have got rid, in all probability, of our 5 0.73.

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per cent. loans, and substituted for them loans at a rate of interest probably less than 5 per cent.; still making full allowance for that loss, such as it is, the difference really was so slight as by no means to counterbalance the very great administrative advantages, and financial advantages, of combining the two operations in one. I may mention to the Committee that the financial loss entailed by that anticipation only amounts to about 10,000*l.* a year; 10,000*l.* a year on the earnings of such a line as the East India Railway is really a bagatelle; and as we all know, it constantly happens that some act of management, either skilful management or unskilful management in apparently trivial details, results in a loss or gain to the company of an infinitely larger sum than that, and therefore it really is not a very important consideration, although, at first sight, it appears to be so.

Mr. Grantham.

421. £. 2,000,000, I see, was the sum raised for the Jubbulpore branch?—I think the total capital expended on the branch was about 3,200,000*l.*

Chairman.

422. Then you did not consider it, under the circumstances, obligatory upon the Indian Government to make reference to the Governor and Deputy Governor of the Bank of England as to the rate of interest to be adopted in calculating the annuity?—That course would have been under the circumstances impossible; it was one which we should have been very glad to have resorted to, but the Governor of the Bank of England would very naturally have answered that until the facts were before him he could give no opinion; and as the actual fact of purchase could not be completed till the 31st of December of the present year, it was quite impossible, under the terms of the contract, to make the calculation literally; he might, as a matter of friendship, have offered an opinion, but he could not have fulfilled the terms of the contract literally, and it was not therefore a course which could have been taken properly officially. The Secretary of State did not think that that course was incumbent upon him, provided that no difference of opinion arose between himself and the company as to the terms; the terms of the contract appeared rather to imply (and on that point I should say I have taken a legal opinion) that the Secretary of State and the company need not take that course unless some difference of opinion arose between them; that, in fact, the Governor of the Bank of England was intended to act as arbitrator in the event of a difference; but in the present case, as by totally independent calculations the two sides have arrived at the same result within a fraction, and on the minds of neither side was there any doubt as to the method pursued, it did not appear at all necessary, even if it had been possible, to adopt the course prescribed by the contract.

423. And I assume that if there had been any substantial difference between yourselves and the East India Company, and you had felt it was possible to proceed under this clause, you would have referred to the Governor of the Bank of England to settle such a difference?—We should have been compelled in that case to endeavour

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endeavour to get the Governor of the Bank of England to arbitrate, even though we were not able to lay before him the whole of the facts essential to his decision on some points; but perhaps the Committee does not attach sufficient weight to the very great importance which weighed on the mind of the Secretary of State of arriving, if possible, at some satisfactory arrangement with the company, in anticipation of the date at which the term prescribed by the contract for the notice arrived. The contingency, of course, was not impossible that unless such an agreement could have been arrived at the Secretary of State would have been compelled to adopt a course which I have spoken of as extremely dangerous, that of paying the company off at once, by raising a sum of money which it would have been impossible to raise in so short a time except at a ruinous sacrifice of interest; or to allow the period of notice to go by, and to leave the company in possession of the property for another term of years, and thereby to incur a loss to the Government which it would have been in the highest degree undesirable to allow to arise. There was therefore a very strong motive for anticipating the term of the contract, and endeavouring to arrive at some liberal and advantageous arrangement with the company. That was one of the difficulties under which the negotiation laboured, and ought not to be left out of account in considering the course that was taken.

Mr. Fawcett.

424. Without questioning for a moment that it was advisable to buy this company, if it was bought, by an annuity rather than paying in a lump sum, I want to ask you whether you do not think that the position of the Government of India was this: that they were trustees for the Indian people, and they were bound to carry out legally the terms of the contract, and not be liberal with other people's money?—Most distinctly I do agree in that sentiment.

425. But I notice in the Budget Speech that has been recently made at Calcutta (which I daresay you have seen), in paragraph 250, this purchase is described as giving (this is the expression) "liberal terms" to the company; now ought not the Government of India, in reviewing this purchase, to have been able to say that the terms which were given were terms which were legally bound to be given by the contract; it ought not to have been a question of liberally dealing with other people's money?—I should entirely agree with your view, if I placed the same construction on the word "liberal" which you appear to do. I think it is quite open to the criticism which you make. I do not think that the Government of India could have used it in that sense. Anything which amounted to a wanton sacrifice of money which the people of India had a right to expect the Government to procure for them, would have been entirely unjustifiable. On the other hand, I say that in dealing with a public company which has rendered (as the Government of India evidently by the statement in the Budget estimate, think) very great public services to India, and which it was most important to maintain in a state of efficiency, I think, from that point of view, what you may call liberality in the very limited and conditional sense in which I think it could possibly be applied to the terms given to the company on the

Mr. Fawcett—continued.

present occasion, was a very proper and a very right course; and for my own part, if I may be allowed to express a personal opinion, I think in viewing a question of this sort the Government of India were bound to consider the effect which their transactions with a corporation so important as that of the East India Company would have upon public feeling in England and upon the minds of the shareholders in all other great undertakings, upon the success of which the prosperity of India greatly depends. I think that any act on the part of the Government that had the effect of creating in the minds of the British investors an idea that the Government of India was disposed to make a very hard bargain, to take every advantage which they could, in winding up a great undertaking of this sort, and which would have sent them away with the feeling that they had been rather hardly used, and that their property had been depreciated by the effect of the contract, and that they had got off with less than the real value, would have been disastrous. I think that the prosperity of India so greatly depends upon the readiness with which the British public will be disposed to invest some of its capital in public undertakings in India, that for my own part I think that that kind of liberality which merely consists in acting reasonably and equitably (because I contend that we have done nothing more than what is equitable and what is merely so far liberal that it does not consist in taking the advantage of every fractional turn in the market which particular conditions of the contract would have enabled us to take) is not only justifiable but commendable; and I cannot help believing that it was in that sense, and only in that sense, that the Government of India used the expression to which the honourable Member refers.

426. But before considering any question of dealing hardly with the company; before you agreed, for instance, to pay 125*l.* instead of the legal sum which, according to the contract, you were bound to pay, namely, 124*l.* 2*s.* 6*d.*, which makes more than 200,000*l.* difference at once to the Indian people, were you not bound, before you entered into considerations of hard treatment, to consider the past history of this company, and if you considered that past history, would you not come to the conclusion that probably never was any contract, or any arrangement, entered into between a company and a Government which was so unfavourable to the Government and the people whom that Government represented; have you ever in your experience seen such a contract as this East Indian Company was based upon, taking it from the beginning?—I certainly do not feel bound to defend the original contract; on the contrary, I think it has been, ever since I have had any connection with the India Office, a subject of constant difficulty; and there are many things in it which have created surprise on the part of those who have had a more recent connection with the India Office, and which to the modern generation have been very difficult to explain. I am by no means prepared to defend the original contract in any sense, nor do I think it necessary on the present occasion to go back to the earlier administration of the company. I think that the reasonable way of looking at the question is to deal with the facts actually before us, and it was from that point of view certainly that the question was regarded in the India Office; and it

Mr. Fawcett—continued.

was considered that, at all events in the last 10 or 12 years, the administration of the company had been excellent; that it had really at last become (I believe I am not over-stating it when I say so) judged by results, the best-managed railway in the world, and a progressively improving administration; and the feeling in the India Office certainly was that with such a machinery, so efficient, so improving, and so satisfactory, it would have been a suicidal thing on the part of the Government to throw that away, and to embark on a course of substituting for it an untried machinery, and one which many others thought would have been very inferior in point of efficiency.

427. That is raising an entirely different point; I want at present to confine my questions purely to the terms of purchase; I understand the position to be this: a contract was entered into originally which you admit was extraordinarily favourable to the company, because this was one of the terms of the contract, that however disastrous might be the management of the company (and it was very disastrous at one time), at any moment the company could surrender the property to the Government and claim par or claim repayment of all the money that had been expended to whatever extent that money had been wasted; on the other hand, if the Government wished to buy this company at any time they had to pay the average price of the shares during the last three years, therefore it was a singularly favourable contract to the company; this being the case, the contract being a favourable one to the company, what reason was there to go beyond the terms of the contract and spend the money of the people of India as a voluntary gift to the company?—I should answer that question in the first place by entirely agreeing with all that the honourable Member has said as regards the very advantageous character of the terms to the company to which he has referred, and should add that, supposing the Government had been unfortunately compelled to take advantage of their powers and to acquire the line at a time when the property was ill-managed, and when the returns were insufficient, under those circumstances it would have been the duty of the Government to have exacted the very last farthing, and not to have given up a single point in favour of the company; but it appears to me that, under the actual circumstances of the case, it was altogether unnecessary and out of place to go back to those conditions of the old contract. What we had before us was the broad fact that we had to deal with a company which had by skilful management and good administration created a magnificent property, and a property which, if acquired by the Government, in all probability in the next 73 years will be of the greatest possible value to the Government, and add very largely to its resources. Those were the facts with which we had to deal, and I contend that the condition of the contract which the honourable Member very justly says, on the face of it, was a very unfavourable one to the Government, was not an unfavourable condition when it came to be applied, because instead of having to purchase a very bad line, we had to purchase a magnificent line, and if that had been anticipated at the time the contract was drawn, I think that the terms of the original contract would not have been so very unfavourable to the Government,
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as the honourable Member very justly thinks that they were for a very long period in the earlier stages of the company's history.

428. But taking the results of the previous management of this company (of which you admit the mismanagement was very great until within ten years ago), you have to pay for that in the price which you are now giving, because it has been shown officially that a considerable portion of the price which you now have to pay for capital which has been expended, is really in respect of capital which was spent unnecessarily, or, in other words, was wasted. You probably will remember a report of Colonel Chesney's, in which he says that 4,000,000 *l.* of money was improperly spent in this railway; and that is a portion of the capital which you are now buying, and therefore at the present time India is paying for the past mismanagement of the company; she cannot escape from it if you acquire the line; and therefore there was no reason, was there, why you should have gone beyond the legal terms of the contract in order to benefit the company at the expense of the people of India?—I entirely agree with your general principle, but my own feeling in the matter, and that at the India Office, is certainly that that question of the 15 *s.* is really not one of very great moment. I think in so large a transaction it is not to be considered as a very great concession to the company, particularly in view of the fact that there was no doubt that the terms of the contract, however unfavourable to the Government in its earlier stages, at that particular moment, in anticipation of the purchase, were very unfavourable to the company; the shares had fallen in a few months from 132 *l.* or some price of that sort, to 125 *l.*, and even below that; and it was not considered, with regard to that 15 *s.* which was added on to the strict legal price that we were bound to give, on the arbitrary assumptions of our calculation, that in making that concession, such as it was, we were performing an act of any very great liberality, or throwing away any money which we had no right to part with.

429. But that 16 *s.* 9 *d.*, as far as I can calculate, represents 250,000 *l.*; without for the moment asking whether it was legal, or whether it was expedient that you should pay it, that represents 250,000 *l.* which is going to be paid to the company, supposing this Bill passes, more than the Government was legally bound to pay?—The Government was not legally bound to anything except under the contract.

430. Now with regard to the interest, I understand that great stress is laid upon the fact (it was so by Mr. Crawford, whom we previously examined) that precisely the same result was arrived at as to the rate of interest on which this annuity should be calculated. You have remarked this morning that there was a penny difference between the results; that the company brought out the rate of interest on the obligations of the Indian Government in England during the last two years to 4 *l.* 6 *s.* 1 *d.*, and that the India Office brought it out to 4 *l.* 6 *s.*; but I think I am in the recollection of the Committee when I say that Mr. Crawford's remark was that your calculations tallied to a farthing?—Mr. Crawford is much better able to speak to that point than I am; but I was under the distinct impression which I have mentioned.

431. But that tallying is not extraordinary, because

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because unless you had made an arithmetical mistake, adopting the same mode of calculating the interest, you could not have arrived at a different conclusion. What I understand is that you took the amount of the stock of the Indian Government in India, the capital sum, and calculated the rate of interest of the different stocks and then arrived at an average as to the current rate of interest in that way, and of course unless you made a mistake in the arithmetical calculation, you must practically arrive at the same result?—No doubt there is nothing extraordinary in it, but what I meant was that as there was an agreement arrived at without any kind of concert, there appeared to be no particular reason for consulting others.

432. In doing this the result, it seems to me, that you arrived at was this: not the current rate of interest on the obligations of the Indian Government in England during the last two years, but the result you arrived at was this, what was the average rate of interest at which the Indian Government had been able to negotiate all its existing loans in England. What you have done is practically that your 4*l.* 6*s.* represents the average rate of interest at which all loans now in existence of the Indian Government in England have been negotiated?—Certainly.

433. Do you think that that is the same thing as the current rate of interest on the obligations on the Government of India in England during the past two years?—I entirely agree with the honourable Member that the two things are totally distinct, but that was not the question which appeared to us to be before us; we merely had to deal with the terms of the contract, and there was no kind of difference of opinion in the India Office as to the meaning of those terms, however undesirable they might turn out to be. The opinion which we have acted upon, and which we still entertain is, that the words, "The rate of interest which shall be used in calculating such annuity being determined by the average rate of interest during the preceding two years received in London upon public obligations of the East India Company," could have had no other meaning than that which we have attached to them; and one argument, at all events, which appears to me a very strong one, if not conclusive, in favour of that view, is that if the other object had been aimed at by the contract, words would have been used similar to those in the former paragraph (paragraph 23), in which the principle was laid down for determining the price of the stock. In that paragraph the words used are these (they will be found at the end of that paragraph): "The East India Company shall be bound to pay in London on the said half-yearly day for the purchase of all the same premises the full amount of the value of all the shares or capital stock in the said railway company, calculated according to the mean market value in London of such shares or stock during the three years immediately preceding the expiration of the said period." I think that if the intention in the contract had been to apply the same rule to the question of interest, they would have inserted the words, "the rate of interest which shall be used in calculating such annuity being determined by the average rate of interest, calculated according to the mean market value in London of such obligations during the two

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years preceding the purchase," and the omission of those words, especially as they are found in the other paragraph, appears to me to afford very strong evidence indeed as to the intention of the contract; and I may add that, looking back to the history of the contract, and consulting those who were cognisant of the mind, you may say, of the East India Company at the time the contract was drawn, the historical evidence, I am bound to say, entirely bears out the construction upon which we have acted. At the time when this clause was drawn the only securities of the East India Company on the London market were bonds which bore a fluctuating rate of interest, that is to say, that the value of the bond was not allowed to vary, but the interest was raised or lowered according as the price sunk below or rose above par; and, therefore, the consideration in the minds of the drawers of this contract was just this, they thought that they had got the whole thing before them; that the conditions of the problem were undisturbed by the consideration of price. If they had foreseen that the Government would have taken over the company, that we should have heaped up our London debt and issued larger loans for a number of years, bearing different rates of interest, the rate of interest remaining the same, but the price varying infinitely, it would have been very imprudent not to have inserted words which would have referred to the market price; but I think the fact I have stated shows that it was not in the minds of the drawers of the contract, and that, therefore, they drew their clause with reference to the facts before them, and did not foresee that as applicable to a different state of things, the effect of those terms would have been injurious.

434. Do I rightly understand that the opinion of the India Office is unanimous in the view that a right interpretation has been put upon this clause?—I have been under that impression. If it is, it is a very remarkable thing, no doubt, and therefore I should be very sorry to assert that positively; but I do not recollect, during the discussion, any argument being used in favour of the other construction.

435. Was any independent opinion taken as to the legal interpretation of this clause; can you refer me to the opinion of any one outside the Government of India?—I am not aware of it; I do not think, so far as my own knowledge goes, that the point was ever considered to be one open to doubt or discussion, and therefore I am not aware that any opinion outside the office was taken.

436. Now in the contract, as I understand, in the original terms of it, the obligation is absolute, that the Governor and Deputy Governor of the Bank of England shall be consulted; it does not say, so far as I can discover, that they shall be consulted in the event of the company and the Government not agreeing, but it says "shall be ascertained by reference;" therefore, there seems to be contemplated by the original contract the importance of having an entirely independent interpretation as to the meaning of this clause; else why should the Governor and Deputy Governor of the Bank of England be put in, in connection with the clause?—On that point, perhaps the Committee would allow me to read the opinion of counsel which I took on the point, because I thought it very probable that the question

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tion would be asked, and I took the opinion of our counsel.

437. The counsel of the India Office?—Yes; he is an independent counsel, whom we consult.

438. What is the date of that?—This was given the other day with a view to my examination.

439. It is an opinion taken since this point was mentioned to the Committee?—Yes.

440. Would you read it, please?—"I am of opinion that no objection can fairly be taken in Parliament to the course which has been pursued. The reference to the Governor or Deputy Governor of the Bank, contemplated by the 26th section of the contract of 1849, is not to be regarded as a condition imposed by Parliament. Within the limits presented by this Act of incorporation, the railway company were free to contract with the East India Company. It was agreed that the Government might purchase the railway at a certain price, and that at the option of the Government the price might be commuted for an annuity. In order to prevent any question as to the basis on which the annuity was to be calculated, it was right and proper to name a referee whose certificate should be final. But that provision does not, in my opinion, make a reference obligatory if neither party requires the intervention of the referee. Clause 26 is, I think, to be read as if the words 'in case the parties differ' had been inserted in it. It is, moreover, to be observed, as pointed out in the instructions, that a literal compliance with Clause 26 would have been impracticable under the circumstances; and it is to be borne in mind that although the provisions of the contract of 1849, and the other two contracts, form the basis of the present agreement for the purchase of the railway, the Government are not in reality purchasing under those provisions. It would have been most inconvenient to have proceeded strictly under the provisions of the original contracts, as the period fixed for the purchase of the main line was not the same as that fixed for the purchase of the Jubbulpore line. It is only by arrangement that the Government purchase the whole undertaking at one and the same time." That is the opinion of Mr. Macnaghten, the counsel whom we consulted the other day.

441. One chief point of that opinion, as I understand it, is this: he thinks because you have, as it were, not carried out the terms of the contract strictly, you escape from the contract; that is the tenor of that opinion, is it not?—Yes, that we are not acting under the contract at all, but that we are making an independent arrangement.

442. That would go to show, would it not, that you are not bound in any way?—It comes to this, that it is, in point of fact, an agreement made between the Secretary of State and the company, differing in many respects from the terms of the original contract, and it is that agreement to which the sanction of Parliament is now sought.

443. Is not the contract embodied in the preamble of this Bill, which we are now considering, and therefore it would raise a very important point of procedure; we must either do one thing or the other; as I understand, the original contract is embodied in this Bill, and therefore if it is argued that because you have not acted

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according to that contract, you need not carry out other portions of the contract, it seems to me that the position of this Bill becomes an extremely dubious one?—We were obliged, of course, to act in accordance with the terms of the contract, in order to arrive at any terms with the company; that was indispensable. That the new arrangement is a deviation from the terms of the original contract is of course indisputable.

Chairman.

444. With regard to the terms of purchase, is it?—No; I mean that the terms of the new arrangement with the company differ very materially.

Mr. Fawcett.

445. With the terms of purchase; as far as I understand, one object of this Committee is to ascertain whether the purchase has been carried out according to a certain contract, which contract is embodied in this Bill?—As regards the purchase, I should say distinctly so.

446. It appears from this opinion which has just been put in by you, that you have not acted strictly, according to the contract?—Certainly not.

Mr. Grantham.

447. The opinion was as to whether you were bound to take the opinion of the Governor and Deputy Governor of the Bank of England?—I thought the question of the honourable Member for Hackney had reference to the general character of the arrangement.

Mr. Fawcett.

448. With regard to this interpretation as to the rate of interest, you have not taken into the calculation at all the price at which any particular stock is, but you have estimated them all at par?—Yes, that is quite true.

449. That being your method of calculation, I will direct your attention for a moment to some strange results which it seems to me you will bring out; as I understand there are only two securities of the French Government negotiable in England; those are the Three per Cents and the Five per Cents; there are only two loans of the Spanish Government negotiable in our market, the Three per Cent. and the Five per Cent. loans. Not reckoning the price of these stocks you would come to the conclusion, according to the interpretation you have put upon it, that the average rate of interest during the past two years on obligations of the Spanish Government in this country, is just the same as the average rate of interest on the obligations of the French Government in this country?—That would have been, I presume, the effect of our construction if the facts had been similar in the case of the Indian securities.

450. Do you think that that is a reasonable construction to put on any words?—I think for the reason I gave, that the clause was drawn under different circumstances, that these contingencies were not contemplated, and although I think if they had been, words clearly ought to have been inserted which would have conveyed the other meaning, they were not inserted deliberately from these contingencies not being anticipated, and that we were to that extent placed no doubt at a disadvantage.

451. But according to the clause to which you

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have referred, at the time it was distinctly contemplated that the rate of interest was a variable amount from time to time, and that was why the period of two years were mentioned; but according to the interpretation which has now been put upon this clause by the Government, the rate of interest cannot vary unless a new loan is raised or an old one is paid off?—That is perfectly true.

452. How can you reconcile that with the fact of the two years being specified?—I should correct my former remark by saying that although as regards the loan, the rate can only vary by a new loan being raised at a different rate. The rate of interest on our bonds does vary, and to a certain extent therefore modifies the result.

453. But in your calculation you simply took the loans?—Including the bonds.

454. But as far as the loans are concerned the only way in which the rate of interest could vary would be if a new loan was negotiated or an old one paid off?—Yes, no doubt.

455. Now speaking generally, you would say that considering that during the past two years the Four per Cent. Indian Loan in this country has been on the average rather above par, the average rate of interest of Indian securities in England has been somewhat less than 4 per cent.?—I am not prepared to answer that question by saying as a matter of fact less than 4 per cent.

456. The Four per Cent. Loan on the average has been above par, has it not?—I believe it has slightly, but I doubt whether the Five per Cent. Loans have been sufficiently above par to make such a great difference as that.

457. But approximately you may say that the current rate of interest during the past two years on Indian securities in this country, estimated by the 4 per cents., has been par?—Yes, you may say so.

458. Have you considered at all the difference that it would make to the revenues and people of India whether the rate of interest should be estimated at 4*l.*, which represents the current rate of interest during the past two years on Indian securities in England, or whether it is reckoned at 4*l.* 6*s.*, as you have reckoned it with regard to this purchase?—I have considered that, but it is an extremely complicated calculation to make, and I am not prepared to give to the Committee a close calculation on the point; but the general result would, no doubt, so far as my information goes, have been that we should have paid a lower rate of interest than 4*l.* 6*s.*

459. I have made the calculation, and as far as I can make out, the amount involved in this question with regard to the interpretation you put upon this clause, whether you should take the rate of interest as you have calculated it, or whether you should take what has been actually the current rate of interest on the securities of the Indian Government in England during the last two years, makes, in this purchase alone, a difference of more than 2,000,000*l.* to the Indian people?—That is not consistent, certainly, with the calculations which have been so far supplied to me; I am not prepared to-day to give a figure to the Committee, except subject to correction, because I have not the calculation by me; but the calculation which I have made, as given me, would result in something which I should hardly

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have thought would have produced so great a difference as that. Supposing we had pursued the course which the honourable Member thinks we ought to have pursued, and made our calculation the market price of these securities for the two years, the result which I arrived at was that we should have had to pay, instead of 4*l.* 6*s.*, about 4*l.* 4*s.* 8*d.*; but whether that sum is strictly accurate, I am not prepared to say to-day without correction. I should prefer to give to the Committee, another day, a figure more closely calculated.

460. Supposing the rate of interest in calculating this annuity to be estimated at 4 per cent., that seems to me to represent the current rate of interest, judging from the facts which have been mentioned here, on the securities of the Indian Government; but you have estimated it at 4*l.* 6*s.*?—So far as my recollection goes, that 4 per cent. is not in accordance with the fact; taking the prices for the last two years, and the two stocks, 5 per cent. and 4 per cent., they would only yield us a rate of interest of something like 4*l.* 4*s.* 8*d.*; it has at least been very considerably above 4*l.* per cent. within the last two years. In consequence, I suppose, of the impending redemption, the 5 per cent. has fallen, and the result is, that although we should have gained something we should not have gained very much by adopting the other course. That does not affect the principle, but as a matter of fact, I do not think that the Government has suffered any very great injury from the construction which they felt it their duty to place upon the terms of the contract.

461. That assumes a particular calculation; but I mean, supposing that interpretation is put upon it, assuming that the rate of interest is what really is ordinarily considered to be the current rate of interest in the securities of the Indian Government in England during the particular period, you have brought that out at 4 per cent.?—But I suppose it is not intended to imply that the Secretary of State would have been justified in acting upon a loose calculation of that sort, and that the company would have been bound to accept 4 per cent., merely because it might be stated that that was about the rate at which money could be raised.

462. That is just what I have been contending for, that the Secretary of State ought not to have acted upon a loose interpretation, but I will put it in this way: considering the largeness of the amount involved, 1*s.* per cent. represents something like 400,000*l.*, that I believe is the correct calculation; whether you calculate the interest at 4*l.* 6*s.* or 4*l.* 5*s.*, would make at least a difference of 400,000*l.* to the Indian people, or the Government of India ultimately?—I am not prepared to dispute the figure; I think it very probable, but I have not made the calculation.

463. With regard to the sinking fund, I understood you to say that the contract distinctly provided for the creation of a sinking fund; will you kindly refer to the words?—These are the words of the clause (page 11, of the contract of 1849): "It shall be lawful for the East India Company, instead of paying a gross sum of money in respect of the premises, to declare by notice to the said railway company in London, their option to pay an annuity, to be reckoned from the time when the gross amount would be payable, and to

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continue during the residue of the said term of 99 years." As I understand your question, you imply a doubt as to whether the word "annuity" carries a sinking fund. On that question, I can only say that we fully understand that it does.

464. As I understand, there is no mention of a sinking fund; it is simply an interpretation of the word annuity?—I do not think the term "sinking fund" is actually specified.

465. Now, as I understand, if the period which is referred to here, had been allowed to lapse, interpreted strictly, although the company could have surrendered the line just previously, yet if this period had elapsed, the line would have become the property of the Government without any payment whatever at the end of the period referred to in this annuity clause?—Certainly, if nothing else had been done.

466. Then you cannot look upon this property as the purchase of a freehold or perpetuity; it is only the purchase of a leasehold?—I do not know whether you would call it a freehold or a leasehold; I think it is a matter which is entirely governed by the conditions of the contract.

467. But I mean, that looking at the conditions of the contract, as a part of the contract, you would not look upon property which had lapsed without payment at the end of a specified period to a person who intended to purchase it, in the same way as you would look upon property which was the freehold and perpetual property of the owner of it?—The answer I should make to that would be, that although it is true, that under the terms of the contract, the railway lapsed to the Government at the end of 99 years, this condition of the contract is made void by the proviso which entitles the company to claim repayment of their capital on handing over the line at any period of the term, which right they might exercise even during the 99th year. It is quite clear that if the contract contemplated such a demand as that by the company in the 99th year, it contemplated something a great deal more than a leasehold property.

468. This is a question involving a very large amount; was any independent opinion taken as to the interpretation to be put on this clause?—I really am not prepared at this moment to answer that question; I should think it is very likely.

469. You never heard that there was?—I cannot at this moment recollect having heard that any special opinion was taken on that point.

470. Admitting what you say, that a part of the contract which gives the Government a right to claim this property at the expiration of the 99 years without any compensation, is rendered void by the fact, that at any moment, even in the 98th year, the company may surrender the line at par; if that is the case, the sinking fund ought to have provided for a capital reckoned at par, and not at 125 l.; you have estimated your sinking fund in exactly the same way as if the company could at any moment have surrendered the line to the Government at the current price, or at the average price during the past three years, instead of at par?—I think that the question merely indicates that the contract is not very consistent with itself; but we proceeded under a particular clause in the contract, and under that particular clause, the mode of procedure was Q.73.

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distinctly defined, and it was impossible for us to avoid following it.

471. It appears to me it is not distinctly defined; it would have been distinctly defined if it had said that the annuity should provide for the sinking fund; but the whole contention is that it is not distinctly defined?—It seems to me that the word "annuity" necessarily covers a sinking fund; it is the difference between interest and annuity.

472. But do not you think that a question of the terms on which the property is to be purchased, is in the least degree affected by the question whether that property is a leasehold or a freehold?—If you consider it a leasehold; but, as I said before, a property in respect of which the holder has a right at the end of 99 years to claim the whole of his capital, can hardly be called a leasehold.

473. But it is either a leasehold, or it is a freehold of less value than what you have estimated it to be; what I contend for is this: according to my interpretation of it I should say, there ought to be no sinking fund; according to your interpretation you have made the sinking fund one quarter more, 25 per cent. more than you ought to have done, because you have calculated the annuity for 125 l. instead of 100 l.; that is the utmost, according to your interpretation, that I can see, that you ought to have provided for?—I am afraid I cannot quite follow the point at present.

474. This is the point: you say that at any moment the company could have surrendered this property to the Government if they had not purchased it; and they could have claimed, not for 125 l., but for 100 l.; and, as I understand you, you say that that makes the property, as it were, of the nature of a freehold and not of a leasehold; and therefore they have the right, if they are to be paid for this property by an annuity, to have an annuity which would be sufficient to provide a sinking fund to induce them to surrender the property; but if that is the case, the sinking fund ought only to have been sufficient to have compensated them for what they would have obtained if they had surrendered the property to the Government, namely, 100 l.; but you have given them what would enable them to obtain 125 l.; how do you justify that?—I should answer that by saying that it appeared to the India Office very clear that the intention of the contract was that in giving the Secretary of State two alternative courses, it was not meant that the one should be very much more favourable than the other. The idea, no doubt was, that they should be, speaking generally, equivalent in value; otherwise it would have been absurd to have given two alternatives; it would have been perfectly absurd to have given the Secretary of State the option of doing one thing or another thing, if one thing was clearly and palpably very much more advantageous or disadvantageous than the other. It was clearly intended that the two things should be, speaking generally, equivalent; one might be more convenient than the other at a particular time, but it was intended that the company should get the value of their property, calculated pretty much on the same foundations. Such a radical difference as the honourable Member contemplates, if we had proceeded by way of annuity, seems to me to be quite inconsistent with the spirit

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spirit of the contract, and with the reasonable interpretation.

475. But, I venture with all submission to point out to you that that seems to me a complete proof of my case; because you have yourself admitted that according to your interpretation of this annuity clause there is a very great difference in the amount which will have to be paid according to the two methods of purchase. I am not now saying that there are not disadvantages in paying for the railway in the form of a lump sum, but simply looking at the two transactions as a financial question, you have yourself admitted, as far as I calculate, that there will be something like a difference of 3,000,000 *l.* in the purchase, or a difference of 5 per cent.; and therefore it seems to me that the very fact that there is this difference according to your own interpretation, shows that the annuities have been calculated on too liberal terms?—I am not aware that I have admitted that there is a difference of 3,000,000 *l.*

476. I will put it in this way: as far as I make out, you put the difference of what the annuity would be at something like 4 *s.*, 4 *s.* represents something like 5 per cent., or about 1,600,000 *l.*?—I am unable to check the calculations, of course, without going into figures, but I am quite prepared to consider the point.

477. Will you point out to me, now that the Chairman has put into your hands the other contract, any words more precise than those which you have referred to, which you think give the company the right to a sinking fund which would bring them at the end of the period for which the annuity is granted a capital sum equivalent to the present price of the stock, and not to the stock at par?—I can read the contract through, but as at present advised I am not aware of any distinct specification of the words "sinking fund" in the contract; this term "annuity," according to its received interpretation, I have always understood to involve a sinking fund, and in fact, unless it means that, one does not know what it means. I am not aware of any other condition in the contract which specifies the term "sinking fund."

Mr. Muntz.

478. I think according to the original contract, the Secretary of State for India, with the consent of the Indian Council, would be perfectly competent to make this present agreement from the 1st November 1878, without the consent of Parliament?—Yes.

479. That is if the agreement were made in accordance with the meaning of the contract?—Yes.

480. But if it varied from the meaning of the contract, then the Secretary of State would not have the power to make such an agreement?—That, I presume, would depend very much upon the nature of the agreement, but certainly the agreement which he has provisionally made is one which in order to give it effect requires the sanction of Parliament, and it is on that account that the sanction of Parliament has been sought.

481. Then without the sanction of Parliament this agreement would be null and void?—Clearly.

482. In the agreement we have Clause 20, which of course you know, which gives the lease

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to the East Indian Railway Company for 99 years, at the end of which time the railway and everything in India, including all the assets in India, whatever they may be, are to become the property of the old East India Company now the Indian Government?—Yes.

483. And if that clause stood alone, at the end of the 99th year, that is in 1953, this property would have lapsed and become the property of the Indian Government?—In default of any claim on the part of the company, certainly.

484. But that is to a certain extent upset by Clause 21, which gives the company the right to claim at any time, on six months' notice, that the East India Company, now the Government of India, should take possession of the line, paying them for the capital which they have spent in the construction of the line?—Yes.

485. Do you understand that capital to mean the actual capital expended, or the capital of the value of the share market at the time; do you understand it to be 100 *l.* or 125 *l.*, for that is practically the question?—The capital actually expended is the construction I should place upon it.

486. Then the annuity to be made to pay them in case they should have given that notice would be in accordance with the amount expended and not with the 125 *l.*, as now?—I presume it certainly would be so; but to that answer I would add that of course it is obvious that if the value of the property was above the par value, it would not be surrendered at the par value, and that the surrender therefore would only be demanded if the shares were, to say the least of it, not above par; so that in that case, no doubt, the market value must be very much about the same as the value of the shares, the sum originally expended.

487. There are two ways in which this property may be made over to the Indian Government; the one is by the demand of the Secretary of State, by notice given by the Indian Government; and the other by the application on the part of the company to the Indian Government?—Yes.

488. The one would require that the average market value of the three years, to be decided by the Governor and Deputy Governor of the Bank of England, should be accepted; the other would require that they should merely be paid back the capital which they had expended?—Yes.

489. You made a remark about the desirability of the absolute control by the Government of this line; is the object of the absolute control by the Government one which refers to military purposes?—"Absolute" is too strong a word to use, because it is not intended that it should be an absolute control; if it was, there would be very little use in having an independent agency; but what I meant was this, that it was very important to the Government to have at all events a paramount influence over the line, with a view to arrangements with other lines, and to political complications and strategical questions, and a variety of other matters which in India are important, and in which it is just possible that a body absolutely independent of the Government might, although the question has never arisen in our relations with the company in the past, give rise to difficulties; that was the idea in my mind.

490. Then you did not think that it was for military

Mr. Muntz—continued.

military purposes, for the purpose of transporting troops?—With regard to military purposes, of course for general military purposes it is desirable that the Government should have an effective power of controlling the operations of the line, but I am bound to say that one of the reasons which influenced some of the authorities at the India Office in being extremely anxious to retain the agency of the company, was their conviction that in a moment of emergency it would be far easier to carry on rapidly military operations, rapid transport of troops, for instance, at the particular moment, if the railway was under the management of the company, than if it was under the exclusive management and working of the Government; and for the very simple reason that the company, if it had the working of the line in its own hands, would for its own sake, if for no other (to say nothing of its general desire to co-operate with the Government), be quite ready and anxious, in all probability in a moment of emergency, to place all its resources at the disposal of the military authorities. On the other hand, if the working of the line was entirely in the hands of the State, what would probably happen (as almost always does happen in Government arrangements) would be that the Military Member of Council would differ from the Public Works Member of Council as to what was right to be done, and instead of the whole matter being settled in 24 hours by a message from the Military Member of Council to the director of the railway, it might involve a fortnight's discussion in Council before anything could be decided; and that was one of the reasons which operated in favour of retaining the agency of the company in preference to State management.

491. And that might really involve the safety of India?—That might involve the safety of India.

Mr. Grantham.

492. With regard to the question which has been put to you by one honourable Member as to freehold or leasehold, I do not know whether your attention has been drawn to a particular line of the 20th clause, which I think will throw some little light upon this question; if you look at the 20th clause of the contract of 1854 (and it is the 20th clause by which the land is to be ceded to the Government by effluxion of time at the end of 99 years), it says this, "At the end of the said term of 99 years, by effluxion of time, the land provided in pursuance of the said indenture, &c., shall revert to and become the property of the East India Company on account of the Government of India, free from all debts and charges whatever, save such as shall have been sanctioned by the East India Company;" what is the meaning of that expression, "save such as shall have been sanctioned by the East India Company," if it does not mean the capital sums which have been raised under this Act?—I presume that all the sums raised under this Act have been raised with the sanction of the Secretary of State.

493. If that is so, does not that at once prevent its being treated in any way as leasehold property, and under any circumstances, is not the company entitled to be repaid the capital sum which has been expended under the sanction of the East India Company?—I think that is probably the right construction.

0.73.

Mr. Grantham—continued.

494. Mr. Fawcett asked you just now if the Government were not now paying for the mismanagement of preceding years; alluding to a statement which I think Colonel Chesney had made, that 4,000,000 *l.* of money had been mis-spent, he asked you if the Government were not now paying 4,000,000 *l.*, therefore, for nothing; you rather assented to that, that it was so; but is that so. If that 4,000,000 *l.* of money had not been mis-spent, would not the stock, instead of being worth 125 *l.*, be worth 125 *l.*, plus the relative value of the 4,000,000 *l.*; or in other words, does not the 125 *l.* represent the actual market value of the capital at the present time, considering the dividend that is payable, and is paid out of the earnings?—Yes, I think you are quite right.

495. And consequently, if the 4,000,000 *l.* had been well spent, would not the dividend payable out of the earnings be so much more than that which is paid now, which makes the stock worth 125 *l.*?—I think that is undeniable.

496. Then if that is so, if the 4,000,000 *l.* had not been mis-spent, the earnings would have been greater, and the price of the stock at the present time would be more than 125 *l.*?—No doubt.

497. And as the Government are bound to pay on the average value of the stock, they therefore would pay so much more for that 4,000,000 *l.*, if the 4,000,000 *l.* had not been mis-spent?—I think that is quite clear.

498. And as that 4,000,000 *l.* has been mis-spent, and has not produced any return, the Government are not really paying anything for it. I am assuming, of course, that the 4,000,000 *l.* was mis-spent in that way; and by "mis-spent" I mean money laid out without any recuperation?—The sense in which I gave a qualified assent to Mr. Fawcett's question was rather that the loss of money, which no doubt arose in certain periods of the history of the company, had been a loss to the Government by protracting the periods at which the guarantee was paid by the Government, and no doubt has made the line less profitable in the past than it otherwise would have been; but I quite agree that at the present moment the price of the stock would have been, no doubt, higher if that money had been profitably invested, instead of being wasted. But I should like to have an opportunity of adding, with reference to that question, that although I fully admitted, in reply to Mr. Fawcett, that a considerable sum of money had been expended on the line without a profitable return at the time, and which, no doubt, under better management, might have been avoided, I am very far from admitting that the whole of that loss is attributable to mismanagement on the part of the company; on the contrary, it has been represented to me that the Government itself was, to a very great extent, responsible for, at all events, a part of that loss; that the conditions imposed as to the original mapping out of the line, the direction taken, and the whole thing, were entirely imposed upon the company by the Government, and were one of the principal causes of the waste of money that took place. So that in dealing with the company now, it would have been very unfair to have brought up a charge against them of having wasted large sums of money, for the waste of a considerable part of which, at all events, the Government was equally responsible; and in making

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making our bargain with the company I think the division of blame between the Government and the company was a very important consideration.

499. One or two words with regard to this question of the annuity: if you turn to the 25th clause of the contract of 1854, as far as I understand your reading of the 25th clause, what you have to do is to find such an annuity as will pay the gross sum of money, alluded to in the seventh line, during the residue of 99 years, whatever that residue may be?—Yes.

500. The words are, "It shall be lawful for the East India Company, instead of paying a gross sum of money in respect of the premises, to declare by notice to the said railway company in London, their option to pay an annuity to be reckoned from the time when the gross amount would be payable, and to continue during the residue of the said term of 99 years"; so that you are bound by the particular language of that clause to repay that gross amount in that period?—I think so; that is my construction.

501. Can that be done in any other way than by adding to the interest payable so much for a sinking fund?—I know of no other way; it seems to me that the annuity must be construed as being intended to be the equivalent of the sum which it would have been necessary to pay, if we had proceeded by way of purchase.

502. And as you are proceeding by way of annuity, should you be paying the gross sum in that period, unless you gave them a sinking fund?—Certainly not, in my view.

503. Now assuming that you were to take the rate of interest suggested by Mr. Fawcett, 4 per cent., as the interest on which money could be raised during the last two years, if that was not the meaning of the Act, is it likely that the company would have accepted the 4 per cent., instead of that which they were entitled to under this contract?—The company clearly would not have accepted the 4 per cent.

504. That being so, then unless you gave them the interest as determined by the Act, you could not have carried out this by way of agreement?—It would have been quite impossible.

505. And you would, therefore, have been bound to proceed strictly under the letter of this contract?—Certainly.

506. And again, with regard to the period at which this purchase was to be enforced; as far as I understand, it is six months from the 16th of February 1879, if you had acted under the contract?—Yes.

507. So that under no circumstances could you have postponed the notice of your purchase under the contract, until after that 5 per cent. loan had been paid off?—Impossible.

508. So that, in fact, you were bound by the language of the contract determined in the year 1854; you were obliged to interpret it according to existing circumstances, although different from those in existence at the time when the contract was made?—That was the view that was taken by the India Office, and I have no reason whatever to doubt its correctness.

Sir Henry Peck.

509. When are these 15,000,000 *l.* due which are bearing interest at 5 per cent.?—£. 17,200,000 is the amount of the 5 per cents. now outstanding, and we have the power next year, 1880, of

Sir Henry Peck—continued.

paying off this loan, which, of course, would be, at the present rate at which the Secretary of State can raise money, an operation which must be attempted.

510. And if I understand you aright, if you had not given the notice in question on the 15th of February 1879, you could not have done it then for 25 years?—We could not have done it for 25 years.

511. The company could have done it at any time?—The company might at any time have thrown it on our hands; it is not very likely they would have done so, but they might have done so.

512. We have heard a great deal of 4 per cent.; will you look at Clause 16 in the later contract of 1854, where it says that the said railway company shall receive "interest at the rate of 4½ per cent. per annum"?—There never has been any money raised under that clause.

513. Was this contract altered in that respect?—There was a supplemental contract dated the 8th of August 1856, that altered the rate again to 5 per cent. None was raised during the currency of that earlier contract, and by the contract of the 8th of August 1856, 5 per cent. was again inserted.

514. May I ask you whether a Government official has always had a voice in the management of the company?—There has always been a Government Director on the Board, I believe, from its earliest period; he attends every meeting.

515. Then it would hardly be fair to charge the company with mismanagement, if the Government had its own representative there, and agreed with what has been done?—Certainly not; no money has been raised without the sanction of the Government; all the money the company has expended has been raised with the sanction of the Government, and the Government Director has had a part in all the decisions of the Board.

Mr. Hubbard.

516. I think you disavowed a personal endorsement of Mr. Macnaughten's opinion, but practically, you do not differ, do you, from the paragraph in which he declares that it would be impracticable and inconvenient to act upon the literal provisions of the contract of 1849 or 1854; that, nevertheless, they have been taken as a guide to the Government and to the company in the arrangement which has been recently attempted to be made; that under those circumstances the two parties must be considered as being voluntary agents, to a great degree, and the arrangement which is attempted to be arrived at must be one, therefore, which is satisfactory to both parties. It was, I imagine, the interest of the Government not to give especially favourable, but to give what might be called liberal and fair, terms to those with whom you were dealing, but nothing more; and unless they had done so I imagine it is not probable that the railway company would have come to terms with the Government, but they would have insisted upon conditions which ultimately would have been much more unfavourable to the Government than those embodied in the present Bill; is that your opinion?—Distinctly.

517. That being the case, does not the matter resolve itself into a very brief compass; that you have first to ascertain the actual value of the property

Mr. Hubbard—continued.

perty you are about to purchase; you have then to ascertain in what way you have to pay for it, whether by immediate payment or by instalments in the shape of deferred annuity, and ultimately you have to ascertain the rate of interest by which you are to calculate the value of the annuity to be given?—Yes.

518. Those items, the term of years, and the annuity, and the principal value, form the only component parts to the bargain, and with those ascertained there can be no doubt whatever as to the actual results?—Yes.

519. And upon those results the India Office and the railway company have agreed?—Yes.

Mr. Fawcett.

520. Supposing the Government had said to this company, "We shall purchase the railway strictly by the strict legal interpretation of this annuity clause, not going beyond it either in one way or the other," the company would have had no option in the matter; they must have accepted it?—Undoubtedly; it was precisely that contingency which the Secretary of State in Council thought it very desirable to avoid.

521. Looking upon it as a financial transaction, your answer to a recent question gave me rather the idea that the company had the power of objecting; but the Government could have said to them, "This is the legal interpretation of this clause; dispute it if you like in a law court; that is all we shall offer you," and they would have no option but accepting it?—It was precisely the fear of their accepting it which operated in the mind of the Secretary of State in the course he took. I had reserved that part of my statement for the second division of the subject, but it is a very important question, and one which I am very glad to have an opportunity of adding to what I have already said this, that one great pre-occupation in the mind of the Secretary of State was this, not only to acquire the property of the line for the State, but to retain for the working of it the machinery of the company; and therefore any course which would have led the company to say "Very well, if you will not come to any better terms with a view to retaining the connection with us, we must take what you are bound to give us by law, and we will terminate the connection and take the money and have done with it," would have placed the Government of India under the necessity of taking the whole working of the line upon itself; and that was a result which (although as you know there are differences of opinion about it) was one which the very preponderant opinion of the Home Government, and ultimately of the Government of India also, was distinctly against the idea of taking upon itself at the present time the working of that great concern (to say nothing of the general doubt which always hangs about the conduct of a great commercial enterprise by a Government) at the present time, when the Government of India is overburdened with work of all kinds, was thought to be a most undesirable thing; and for my part I cannot doubt that the

Mr. Fawcett—continued.

effect would have been largely to add to the cost of the working of the line; that is merely an opinion, but it was, I think, almost literally the unanimous opinion of the Council of India at home, and of the Government of India in India; it was, no doubt, with that view that the Secretary of State, though by no means prepared to make sacrifices on the part of the people of India of a financial kind, was nevertheless very desirous, if possible, of arriving at some equitable arrangement with the company by which its services could be retained as the machinery for working this great undertaking.

522. But leaving the question of management for you to be examined on next time, and simply speaking of it purely as a financial bargain, I am right, am I not, in saying, that if the Secretary of State had said to this company, "These are the terms, according to the precise legal interpretation of the contract; you must accept them," the company would have had no power whatever to have refused?—None whatever.

Chairman.

523. Several Members of the Committee, I think, have asked you whether any legal opinion or financial opinion was taken as to the construction of the contracts outside the India Office; ever since you have been at the India Office, these contracts have constantly been under discussion and examination?—Yes.

524. You being one of the responsible advisers of the Secretary of State, if you had believed, or had any reason to believe that the interpretation which was generally accepted by the India Office was erroneous, and that a construction more favourable to the interests of the Indian Government could have been put upon those contracts, you would have recommended, would you not, such an opinion to have been taken?—Undoubtedly.

525. And it was, I suppose, because there had been practically an unanimity as to the construction of these contracts that that has not been done?—I am very glad of an opportunity of stating what you have just been saying. I said that I was not personally aware of any recent opinion having been taken outside the India Office. I am not at all prepared to say that there may not have been opinions taken; but this, at all events, I can say, that these contracts have been, ever since they were made, the subject of constant discussion in the India Office, and by a variety of counsellors who have succeeded each other; they have been a topic of great controversy, great debate, and at last there has been a certain accepted construction of them which has become so much a part of the tradition of the office, that it was not thought necessary on this particular occasion, there being no revival of any controversy or doubt, to form a fresh opinion; and it was in consequence of that, this being the construction so generally accepted after years of debate and discussion, that we none of us thought that any occasion had arisen for reviving the question and seeking a further opinion.

Sir L.
Mallet, C.B.,
and
Mr. Cave-
Brown.
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Friday, 25th April 1879.

MEMBERS PRESENT:

Mr. Fawcett.
Mr. Grantham.
Lord George Hamilton.

Mr. Hubbard.
Mr. Muntz.
Sir Henry Peek.

LORD GEORGE HAMILTON, IN THE CHAIR.

SIR LOUIS MALLET, C.B., and Mr. E. R. CAVE-BROWNE, re-called; and further Examined.

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Mr. Cave-
Browne.
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Chairman.

526. (To Sir Louis Mallet.) I THINK we arrived at the point where you had explained to the Committee the method by which the Secretary of State proposed to acquire possession of this line, and we postponed, until to-day, examining you as to the arrangements which it is proposed to make for carrying on the management and direction of the line. Perhaps you could, at the outset, state to the Committee what the net income has been during the past few years which has been derived from this line?—I have here a statement showing the net earnings, the guaranteed interest, and the surplus profits of the East Indian Railway Company for a series of half years, beginning with the half year ending the 30th of June 1874; that is for a period of four years and a half. I think the question which you asked me had reference to the net earnings.

527. Or if you could put it, in the shape of the dividend?—I can give the Committee the dividend separately; the total dividend earned, and the surplus dividend paid, in the same half year. The surplus dividend paid (that is over and above the 5 per cent. guaranteed) in the year 1874, that is, the two half years put together, was 1*l.* 7*s.* 6*d.*; in the year 1875 the two half years put together, the surplus dividend paid was 6*s.* 11*d.* per cent.; in the year 1876 the surplus dividend paid was 1*l.* 3*s.*; in the year 1877 it was 2*l.* 4*s.*, and in the year 1878 it was 1*l.* 7*s.* 6*d.*

Mr. Hubbard.

528. In addition to the 5 per cent. guarantee?—Yes, in addition to the 5 per cent. guarantee, and to the share of the Government. The total dividend earned, which includes the share of the Government, was, in the year 1874, 7*l.* 15*s.*; in the year 1875, 5*l.* 13*s.* 10*d.*; in the year 1876, 7*l.* 6*d.*; in the 1877, 9*l.* 8*s.*, and in the year 1878, 7*l.* 15*s.*

Chairman.

529. That is the income which has been derived during the past five years from this property. Now it is clear from the statement which you made the other day, that the Government in acquiring possession of this property will place a certain annual charge upon the revenues of India, and that that charge will for a certain number of years be permanent and constant. Unless therefore the Government could with

Chairman—continued.

some certainty rely upon receiving a certain income from this property, of which they will acquire possession, the transaction might be a losing one; and therefore I should like to ask you whether you have fully considered this contingency, and how you propose to meet it?—That contingency is no doubt most important, and necessarily formed one of the principal elements of consideration in deciding on the policy to be pursued. It was obvious that unless the contract was allowed to run on under conditions which during the later years had become manifestly unfavourable to the Government only two courses were open to us; one was to purchase the line by means of a payment of cash, and the other to purchase it by means of an annuity. I stated the other day the reasons which led the Secretary of State to prefer the second alternative, and I need not revert to them. Well, having decided upon that course, there was no escape from the charge which would thereby be thrown upon the revenues of India; and the question therefore which presented itself was simply this, whether there was a better prospect of the railway being made to earn a sufficient sum, not only to bear the charge thrown upon it, but also to place in the hands of the Government any amount of profit which was possible; whether that could be best attained by undertaking the management of the line by the State or by continuing the machinery of the company for that purpose. That was really the important question which had to be considered; and it was one upon which very different opinions were entertained; but after great discussion an absolute concurrence of opinion was arrived at between the Secretary of State in Council and the Government of India, in preferring a continuance of the company as the machinery for working the line; under the distinct belief that by that method the line would be made more remunerative, and would be better able to bear the charge of the annuity, which in the first place is thrown upon the line, although ultimately falling on the revenues of India; and also with a view of affording to the Government and people of India a considerable sum, as time goes on, in the way of revenue. It is one of those questions on which different opinions are entertained, and which may be discussed for ever; but I can only say that there was a very distinct preference accorded to the second course, and

Chairman—continued.

and that the Government of India freely concurred in that course, although as a general rule (as I daresay the Committee know), the Government of India is very much in favour of State management. There is always a pressure in India on the part of the able officers of the Public Works Department to take lines under their own management; they have a great belief in their power of managing lines economically. Still in spite of that strong element of opinion, the Government of India entirely accepted the opinion of the Government, of the Secretary of State, that it was better to preserve the machinery of the company. Into that decision a great many considerations entered. No doubt the primary consideration was the financial result, and upon that point the India Office, and finally the Government of India, came to the conclusion which I have stated, that it was distinctly advantageous to retain the machinery of the company. But there were other more general objects which were also in view. It was considered that it was very important to continue the interest felt by a large number of persons in this country in a great enterprise in India. The half-yearly publication of reports, the number of hands through which they pass, the manner in which they are read by those who have got a distinct interest, a pecuniary interest, in reading them, the kind of interest which is engendered in the commercial progress of India, the knowledge of that progress which is diffused amongst the public in England; all these are very important public considerations, and considerations which weighed, no doubt, to a great extent, at all events, had their weight in inducing the Secretary of State to adopt the course he took. I need not say that a State railway managed by officers of the Public Works Department, drops very much out of sight. The English public knows very little about it; it is scarcely possible that the management of such a line would be conducted with the same keen practical knowledge of the commercial policy which is most favourable to the line. There are many questions which will occur to the mind of every one on which a great commercial body which has its seat in London, which has access to a great variety of knowledge which is not at all accessible to the officers of the Public Works Department in India, must exercise a most important influence in determining the policy of the administration of the railway, and certainly, in my own opinion, cannot fail to make a very considerable difference in the prospects of the line with a view to commercial profit. That is an opinion which certainly was entertained very strongly by the India Office, and one which I entirely share. I cannot help thinking that a great risk would have been run if the line had been handed over entirely to State management, of a diminution rather than an addition to the earnings, and that the revenues of India would, in the long run, have probably very materially suffered from the change of administration. And in addition to that general consideration there is one, also of a general kind, which I think common sense sanctions, which arises from the fact that you find in existence a great commercial enterprise which is being excellently well managed, and managed every year better and better, because that really is the fact with which we have to deal. We find a great railway in India, which has been brought gradually, after a great deal of time, no doubt, and

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Chairman—continued.

with many checks, but has been brought to a state of the highest efficiency; in fact, it has been stated, and I believe it would be very difficult to contradict it, that if measured by the ordinary tests which are applied to railway enterprise, it will be found to have been, on the whole, perhaps, the most successful instance of railway administration in the world. I might refer the Committee to the very interesting Paper which was appended to the Report of the East India Public Works Committee last Session by Mr. Rendel, who is the engineer of the East India Railway, in which he gave a great many very minute calculations showing the working expenses, and the gradual reduction of them, and in which he entered into a very minute and elaborate comparison of the rate of carrying both passengers per mile, and goods per ton per mile, in comparison with the English lines of railway. The results are very startling, and very satisfactory, so far as to show that the administration of the East Indian Railway is a very efficient and a very economical one. This was a very important fact with which we had to deal; and it was felt at the India Office that there would be something very rash and very unwise in throwing aside a machinery which had been found to be so efficient, which was improving every year, under which there had been a progressive diminution in the working expenses, and a progressive increase in the net earnings; that the mere fact that we had to deal with such an administration as that, of itself should make us hesitate very much before we embarked upon a totally new enterprise and experiment, namely, the handing over to an administration already over-burdened with work, already charged with duties which we all know it can only discharge with very great difficulty, the conduct of a vast administration of a great railway company on commercial principles.

530. Mr. Fawcett rather objects to one expression you have made use of about "progressive increase" of revenue, because your figures do not quite bear that statement out. I believe the revenue has fluctuated from one year to another; and those fluctuations are, I believe, very much caused by the varying demand that there is for food in different parts of India?—That question I should answer in this way; I have merely given the Committee five years. No doubt in that period, as Mr. Fawcett observes, there are great fluctuations; and, as you have remarked, they are explained in that series of years by the fact that in the year 1874 you had the Bengal famine, the Behar famine, which very largely increased the earnings of the line; and in the year 1877, as we all know, those earnings were very abnormally increased by the famine in the south of India. But the expression which I have used had reference rather to the results of the working of the line over a longer course of years; and speaking quite generally I think that it is quite a correct statement to say that the line has been distinctly an improving one, and that there is every reason to believe that it will still continue to be an improving one.

Mr. Grantham.

531. There is a large falling off, I observe, in the year 1875 in the Government share of the surplus dividend; in 1874 it was 1 l. 7 s. 6 d., and in 1875 it fell to 6 s. 11 d.?—I can only account for that in the way I have already explained.

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532. Your

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Mr. Fawcett.

532. Your statement leads to the conclusion from the general praise you have bestowed upon this company, that this increase in the returns is owing to superior management. Now, as far as one can discover, it simply arises from the misfortunes of India; when there is a famine year the returns go up abnormally high, and when there is not, down they go again; and as far as I understand they are very much less in 1879-80 than they were two or three years ago; therefore the "progressive improvement" of this railway is an incorrect expression, I submit, and you should rather substitute this statement, that the returns from the railway increase when India is afflicted with famine. I do not object to the word "progressive," but I do not think that your figures show that these progressive returns in the least degree arise from the superior management of the company, but rather that they arise from the famines?—The idea in my mind rather had reference to the progressive diminution in the working expenses, in the proportion of the earnings to the working expenses; that is very remarkable. Mr. Crawford put in a table the other day to the Committee, which I have here, and which shows what the percentage of working expenses is. I do not know quite what year to go back to; if you like to go back to the beginning you get a very large percentage indeed; but taking it from 1855, the percentage of working expenses in that year was 53 per cent., and in 1878 they had been reduced to 32 per cent.

Mr. Grantham.

533. Looking at these returns which have been handed in to us, as to the working expenses, it is not the case recently that the working expenses have gone down so much as it is that they always went down for some years in a remarkable degree from the time the line was first opened, and then they went up again, and now of late years they have again decreased. In 1855 they were at 53 per cent.; the next year, 1856, they had dropped down to 40 per cent., a very considerable fall in two years; but the following year that amount is still decreased to 38 per cent.; so that in the first three years of the working of the line the gross expenses went down from 53 per cent. to 40 per cent., and to 38 per cent.—It is quite true. I daresay there may be special reasons, but I am not able myself to state them. There may be reasons which might be given by those who are better acquainted than I am with the earlier history of the company.

Mr. Fawcett.

534. What security have we, considering the company knew that this purchase was probable, that the working expenses have not been cut down in this way; what evidence can the Government produce to show that this is not the case; that being anxious to get the price of the shares (naturally so, with no improper motives) to the highest point possible, they spent an unduly small amount on repairs; has the Government got any information as to whether, in order to swell the dividend, they cut down the amount of repairs, and threw what might in other years have been spent out of income, on capital?—I do not imagine that it would be possible for the company to have erred in that direction very much without the Government having been cognisant of it; the relations of the Government to

Mr. Fawcett—continued.

the company are so close, the Government director being on the board.

Chairman.

535. With regard to that point, I believe that there are very strict regulations laid down as to the items which may be charged against the revenue, and also as to those which may be charged against the capital account?—Distinctly; those are matters which can be only decided with the sanction of the Secretary of State.

536. And although I suppose you are hardly prepared to go into details as to the management of this company, yet you are aware that an officer of the Indian Government annually reports upon the condition of the permanent way of the line?—Undoubtedly.

537. And no doubt Mr. Danvers could give information on these details with more precision than yourself?—Yes, as the Government director, Mr. Danvers is far more conversant with these matters than I am; but, speaking generally, that is the state of the case, as you say, that the line is very strictly inspected by an officer of the Government in India, and that in London we have an officer of the Secretary of State who is a director of the company, and everything that is done, is done with the cognisance of the Secretary of State.

538. It is pretty clear from your previous answer that the sole object which you had in view in proposing to continue the East Indian Railway Company as the direction for the next 20 years, was, that it was the most economical machinery by which the acquisition of this line could be made advantageous to the Indian taxpayer?—That was the distinct opinion of the Secretary of State; whether right or wrong it was a very deliberate opinion; and it was an opinion shared by the Government of India.

539. I think, previous to your appointment at the India Office, you had a long experience at the Board of Trade?—Yes, for many years.

540. I suppose in that capacity you had some opportunity of ascertaining whether a Government can work enterprise of this kind as economically as a private company?—The experience of England in State management of commercial undertakings is, as we all know, not large; but certainly as a man who has been in the habit of observing the actions of Governments and commercial bodies for many years, and as an economist, my own opinion is very strong indeed that there can be no greater mistake for a Government than to undertake the management of a commercial enterprise. I think it is open to the most serious objection; and irrespective of any skill in management, or of any deficiency in commercial knowledge, both of which are very important questions, there is one consideration, more or less of a political kind, which also weighed very strongly in determining the Secretary of State in the course he took, and that is this, and I think it is one which in a country like India is especially operative. We all know the kind of pressure that is brought to bear on such a Government as that of India (I may say on all Governments, but particularly on such a Government as that of India) in times of national distress, periods of famine, or at any time, in fact, when people are suffering from any special cause; that there is a tendency to bring public pressure to bear upon the Government to reduce

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reduce its charges, in every respect, in all those matters over which it has control, to the lowest possible point. For my own part I can hardly believe that, for instance, in a period of famine, the Government would be able to resist the pressure which would be brought to bear upon it to reduce the cost of carriage, to lower its fares, to lower its rates, and to carry goods at rates which are not in any sense remunerative; and a great source of profit, and perfectly legitimate profit, would have been thereby cut away from the Government, and which under the administration of the Company may be retained. It was considered very important that the Government should be to a certain extent protected from that pressure by having, between it and the public, a body entirely independent of all political considerations, who had distinct rights, who were bound for their own sakes to conduct the Company on strictly economical principles, and simply in determining their rates to decide whether those rates were the most remunerative or not. That was a point also very much considered, and which weighed very much, I think, in deciding the Secretary of State in the course he took.

541. Then too, you would hardly consider the Indian Government more advantageously situated than the English Government for resisting pressure from their servants for increase of salary or superannuation allowance?—That again is a point which does not require very much said upon it. The experience of all those who are conversant with public affairs in England, I think, is quite enough to satisfy everyone that the moment an undertaking is taken in hand by the Government, the salaries of employes immediately rise; and in India that is a consideration which is of much greater importance even than it is in England. In India, as is well known, in the first place the salaries of all Government employes are very much higher than they are in England; and now that the conditions of life are not so dangerous and the facilities of communication are greater, I may say that the rates of pay in India are not only positively, but relatively higher than they are in England; and these are complicated and aggravated by a most liberal system of furlough rules and pensions, from all of which the employes of a railway administration are exempt; and I cannot doubt that the cost of administration would have been very largely enhanced from the day on which the Government took over the management of the company. I cannot go into any calculation on the matter, but on the general principle, I entertain no doubt whatever that the cost of administration would have been very largely increased.

542. I assume that the Secretary of State and his Council declined to run that risk in taking over the line themselves and working it?—That, among the other reasons which I have stated, weighed very much with them in thinking it a very dangerous responsibility to undertake, and a very unwise one.

543. And therefore as you considered it expedient to entrust the working of this property to a commercial direction, you thought you could not do better than utilise the existing direction?—That was the opinion of the India Office, and of the Government of India.

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544. Then in order to give an interest to a certain number of persons in the economical working of this line, you proposed a certain arrangement by which one-fifth of the annuity could be capitalised, bearing interest at 4 per cent., with a certain proportion of the surplus profits; and I assume that in making these arrangements you had a twofold object; on the one hand, to give to the shareholder such an interest as would result in economical management; but on the other hand, to retain the greater proportion of the profits, which would accrue from this management, in the hands of the Secretary of State?—No doubt those were the two objects we had in view.

545. And you think that the arrangement which is proposed would attain both these objects; it does give the shareholder a sufficient interest, and it does, on the other hand, secure to the Secretary of State four-fifths of the surplus profits?—We think that those two objects will be very fairly secured under the present arrangement. The particular form which any such arrangement might assume, was open to a great deal of question, 50 schemes, I may almost say, were mentioned; certainly 50 schemes might have been suggested, and I do not think that a much fewer number were actually suggested and considered. The particular form of the arrangement is open to infinite variation, and was open to great discussion; at last, by mutual arrangement with the company, this particular form was adopted; and it is believed by the India Office and by the Government of India that the two objects which you have pointed out will be very reasonably secured by that arrangement. The immediate gain to the Government is not very large, although quite sufficient of itself to give them a distinct advantage; but the whole ground of the policy which has been pursued is the belief, and it is a strong belief, that looking to the remainder of the term of the contract, in the course of that time, this property is a property which will become a very valuable one indeed, and that it would have been in the highest degree dangerous to have allowed an opportunity to go by without securing to the Government what appeared to them the great probability of a very considerable enhancement in the value of this property in the future. The immediate financial results I can state to the Committee, very shortly, for a few years.

546. Perhaps before you put in those figures, I might ask you whether those figures tally with the statement which has been sent home by the Indian Government, or whether they are the result of more recent and more precise calculations?—With regard to the statement sent home by the Indian Government in the Budget Statement, I may say that the mode by which their calculation has been made, does not tally with the results of the process which has been adopted in the India Office, and considerable doubt exists, therefore, as to the accuracy of the figures in that statement. It is impossible to say whether they are accurate or not until time has been given to communicate with the Government of India; at all events the calculations of the India Office do not correspond with the calculations in that statement.

547. These figures which you are about to give, of course, are the result of more recent

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and precise calculations?—These are calculations which, of course, can only be approximate; and I might mention here one element of uncertainty which really vitiates, to a great extent, the calculation; at all events, prevents it from being anything more than approximate, which is the variations in the rate of exchange. When the negotiations with the company commenced, the rate of exchange was very much higher than it is now; and at that time the calculations of the surplus profits which would be divisible, were, therefore, larger than they are at present; and in all the calculations made, it has been found necessary to assume some particular rate of exchange, which may or may not be the actual rate of exchange, and the figures which I shall read to the Committee are calculated at a very low exchange (although, I am sorry to say, a higher exchange than that which now prevails), 1 s. 8 d. the rupee. According to this calculation, in the year 1877, which was the great year, the famine year, the new arrangement would have given to the Government a gain of 134,000 l.; on the average of the years 1876 and 1877 (which was considered, on the whole, to be a very fair basis), the gain would have been 51,000 l. under the new arrangement; and on the assumption that the earnings of the line continue at that rate, that, at all events, will be so much gained. It is not a very large sum, but, at all events, to the extent to which it goes it is an advantage. And I have another table which, perhaps, will give a clearer idea to the Committee than the one I have read, which is taken at 1 s. 8 d. the rupee. I should say that the net earnings of the line in the year 1876, converted at 1 s. 8 d. the rupee, were 1,918,527 l.

Mr. Grantham.

548. That is rather different from the net receipts, as they appear in the paper before us, handed by Mr. Crawford?—I am speaking now of the net earnings before the deductions.

549. What is the difference between net earnings and net receipts?—The explanation I think is, that that is not the same rate of exchange. I find that it is calculated at 1 s. 10 d. the rupee in the paper you are looking at; that explains the excess. In the year 1876, the net earnings, calculated at 1 s. 8 d. the rupee, are 1,918,527 l.; in 1877, they were 2,518,658 l.

550. On this list before me, it is 2,503,000 l. for the latter year; you see there you are 15,000 l. excess in your figure?—This is for the whole of the year 1877; perhaps that is for the financial year, but the figures being prepared by different people, one does not know. However, my simple object in mentioning the figure was quite a general one; to show that in the year 1877, which is the largest year which has ever been known, and which is the year in which the profits of the line were affected by abnormal causes, and, therefore, not one which we consider as an average year in any sense, we had net earnings of two and a half millions in round numbers, and, taking the average of 1876 and 1877, we had something under two and a quarter millions. An estimate made of the present year 1879-80, which is, of course, nothing more than an estimate, is something over 2,000,000 l. Then on the calculation that I had made (which is nothing more than an estimate to show the sort of probabilities before

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us), it appears that on the assumption that the net earnings were 1,666,666 l., the Government would gain nothing by the present arrangement, but would lose 51,847 l.

Mr. Fawcett.

551. The figures you have just given are the estimated earnings of the East Indian Railway Company for the present year, 1879-80?—The estimated earnings for the year 1879-80, by the Government of India, are 2,079,000 l., converted at 1 s. 8 d. the rupee. Take the next hypothesis, that the earnings of the line are at the rate of 2,083,333 l., that is a little in excess of the estimated earnings of the year 1879-80; upon that figure the gain to the Government under the new agreement would be 73,739 l. On the assumption that the net earnings of the line amounted to two and a half millions at 1 s. 8 d. the rupee, which is something under the earnings of the year 1877, the gain to the Government under the new agreement would be 197,489 l. On the assumption that the net earnings should become 2,916,000 l. at 1 s. 8 d. the rupee, the gain to the Government would be 321,000 l., and so on; you may go on *ad infinitum*: but that is quite enough to give the Committee a general idea of the profit which will accrue if the line proves to be, as we fully believe it will be, a line increasingly profitable.

Chairman.

552. You speak of loss to the Government; that is including, of course, the sinking fund of the annuity?—No doubt it is in consequence of that, to a great extent.

553. The annuity being one of the primary charges upon the revenue of the Company?—Yes, no doubt.

554. (To Mr. Cave-Browne.) At present I believe on all the payments which are made to the shareholders of the East Indian Railway Company up to the 5 per cent. guarantee, there is a loss on account of the exchange being taken at 1 s. 10 d., is there not?—Certainly.

555. And that loss would be included under the head of "Loss by Exchange," I imagine?—Yes, it becomes a charge on the revenues of India under the item "Loss by Exchange."

556. So that, in addition to the sinking fund the loss now included in the payment of the 5 per cent. under the head of "Loss by Exchange" will be now met out of the revenues of the East Indian Railway?—Certainly.

Mr. Grantham.

557. (To Sir Louis Mallet.) You have told us what would be the probable loss and gain under certain circumstances, according to the net earnings of the line; but would it not be a fair way to test it by taking the average of what has been the dividend paid to the shareholders during the years you gave us; that is, from the year 1874 to 1878; and I think you will find that, taking the average of those five years, the loss to the shareholders would be 13 s. 3 d. per cent. under the new arrangement; and that if you multiply that 13 s. 3 d. by 30,000,000 l., which is the capital sum, it would come to 19,875 l. a year?—Yes.

558. And would not that represent, therefore, as the average of the last five years, the annual loss

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loss to the shareholders, and the relative gain to the Government?—Yes, I should think it would do so; that seems to me to be accurate.

559. Setting aside the gain to the Government or the money they are investing in this sinking fund every year, there is a gain to them of 19,875*l.* every year?—On that calculation it appears so.

560. With regard to the figure you have given us, that there would be a loss to the Government of 51,000*l.* a year, as the net returns are only 1,666,000*l.*; does not that rather seem, looking back to the returns which have been given to us, that there would have been a loss to the Government under every year except the years 1874, 1876, 1877, and 1878; that during the whole working of the line the net returns have never exceeded 1,666,000*l.* except in those years?—I am not sure that I have a statement with me of the net earnings of the earlier years.

561. You may take it, I think from me, that that is so; I have it before me. In 1873 they were 1,600,000*l.*, which is 200,000*l.* more than they were in 1872. In 1874, the year of the famine, they go up to 2,061,000*l.*; the next year they drop down to 1,546,000*l.*, which is less than the figure you have given us; and therefore in 1875, under this arrangement, there would have been a loss to the Government of something like 60,000*l.* on your figures?—It appears to be so certainly.

562. And therefore, unless you can keep up the returns of the last two or three years, there will be an absolute loss to the Government by this arrangement?—I think that is incontestable.

Mr. Fawcett.

563. You kindly said last time that you would explain to the Committee definitely, looking upon it purely as a financial transaction, what is the loss which would be caused to the Government by anticipating before the stipulated time the purchase of the Jubbulpore line?—I had a calculation made to show what the annual loss of that anticipation amounts to, and I can show the Committee the results. The figure is 10,667*l.* a year; I can explain to the Committee the way in which that calculation has been arrived at. The East Indian Railway Company's total share capital is 20,200,000*l.*; that is the original capital; on which 5*l.* 12*s.* 6*d.* annuity is paid; that brings out a sum of 1,473,750*l.* Of that the capital of the main line is 23,000,000*l.*, which receives this annuity at the rate of 5*l.* 12*s.* 6*d.*; and if that rate of annuity had been confined to the main line and not extended to the Jubbulpore line, we should only have had to pay in respect of the main line 1,293,750*l.* The capital of the Jubbulpore line is 3,200,000*l.*; and if we had not anticipated the purchase of it, we should have had to pay an annuity upon that sum of 5*l.* 5*s.* 10*d.*, which would have caused an annual charge of 169,333*l.*; that is on the assumption, I should observe, that we shall be able to reduce the interest on the 17,000,000*l.*, which we shall have to repay next year by a loan at 4 per cent. The two figures together bring out a total sum of 1,463,000*l.*, instead of 1,473,000*l.*; the saving therefore to us by the non-anticipation of the purchase would have been a little over 10,000*l.* a year.

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Mr. Fawcett—continued.

564. In fact you have given the capital on the Jubbulpore line, the advantage of the abnormal rate of interest of 4*l.* 6*s.*?—That is quite true.

565. The 10,000*l.* will have to be paid for 73 years; and taking the capitalised value, what do you reckon that to be; it is a gratuitous sacrifice of 250,000*l.*, is it not?—It is equal to a present payment of 251,439*l.* That is quite true; I do not at all deny the fact. It was a question of balance of advantages, and, on the whole, it was thought that that was the best course. As I have said before, the whole of that calculation depends on a doubtful assumption. It is by no means certain that we shall get the whole of our 17,000,000*l.* at 4 per cent.; and of course if we pay a higher rate the calculation would be very much modified.

566. Without wishing to dispute the cogency of your arguments in favour of private management as against Government management if they are accepted, they tend, do they not, to supply conclusive reasons against the entire Public Works policy of the Indian Government at the present time; because, as I understand, the whole of the Public Works Expenditure, which is being carried out in India now, is to be under State, and not under private management?—I am afraid I am not a very good witness to answer that question, because my general opinions are rather unusual upon that subject; but I think it is a very different thing to continue an existing administration which has been considered to be efficient and satisfactory, and to decide upon a very different question, which is, whether to continue a system of guarantees to new enterprises, which has been found on the whole to be a very doubtful policy, or to at once take upon the State the management of its own enterprises. Those enterprises which are under State management have not been sufficiently long in progress to enable us really so far to form any judicial opinion as to their relative merits, compared with the private enterprises of which we have more experience; therefore it would not be fair to express any opinion on that subject at present.

567. But without assuming that we have no alternative except Government agency or a guaranteed system, I think it must be obvious to you that all your general remarks that you have made about the political pressure or the popular pressure likely to be brought to bear upon the Government to reduce fares, and the political evils of a great amount of State management apply absolutely to the present system which is now being carried out in India; all the railways being constructed at the present time in India are State railways; the consequence is that these evils which you have referred to, the pressure to reduce fares in a time of famine, and the other evils, will apply to the whole of the railways now being constructed in India?—That is perfectly true; and I think the feeling of a great many authorities connected with the Government of India was that it was very desirable to keep out of the fire as much as we could.

568. Now as I understand the Bill which we are considering, practically we have not before us the terms of the future management of this railway; because I read clause 22 to this effect, that the contract as to the management of the

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railway, the proposed arrangement to be carried out, shall be determined hereafter between the Secretary of State and the company; therefore, so far as this Committee is concerned, we are simply as it were considering a blank sheet of paper with regard to the future management of the company; we do not know what regulations may be put into that contract?—That is quite true; the contract is still under consideration, and still under negotiation.

569. As I understand, this Committee has to determine whether it will be for the interest of India or not, that this arrangement should be carried out; do you not think it is essential, to enable any one to come to an opinion as to the expediency of this arrangement, for them to see the contract before they come to a decision; how can they tell if they do not?—The terms of the contract of course must be matters which involve a great variety of questions, on which it is scarcely possible, it appears to me, without very great experience of the relations of the Government of India and the railways, to form a very distinct opinion. The general object of the Government in that contract of course would be, while on the one hand maintaining the principle of leaving to the company a considerable and sufficient freedom of action to maintain that degree of independence which is essential to commercial success, and to the existence of an important company, nevertheless to secure to itself such a power of supervision and control as experience has shown them to be desirable with a view to the satisfactory working of the line. I do not know that I can very well answer that question. Of course the Committee can alone decide what they consider to be necessary to enable them to satisfy their own conscience in the matter; but I think that if the general principles of the agreement were approved by the Committee, with regard to the terms and conditions of the contract which involve a great many matters of administrative detail, it might be not unsafe to leave them for negotiation between the Government and the company, subject of course to future presentation to Parliament.

570. But the experience of the past to which you referred in your last examination, shows that, as far as the interests of India are concerned, it is not safe to leave the arrangement of these contracts to be negotiated between the Government and the company, because, as I understand you, you admitted to the full the very remarkable extent to which all these contracts in the past were unfavourable to India; I think you used the expression that you could not understand such terms being put into any contract; and yet those were sanctioned by the Government of India, that is to say, by the East India Company and by the President of the Board of Control at the time?—I fully admit, as I admitted the other day, that the terms of the old contracts have been found after a lapse of years to give rise to a great deal of doubt and difficulty, and there are in them clauses which no doubt it is very difficult to justify, and which, if one had to make the contracts over again, one should probably have avoided. It is impossible, of course, to remove any feeling which may exist on the mind of the Committee of distrust with a view to the future as evidenced by the experience of the

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past; but I cannot help thinking that the conditions of the contract in this case are so clearly defined as regards the main financial and public objects, that really what remains relates more to matters of details than to the general principles, and that the same danger of any really injurious or doubtful clauses in the contract does not exist as in the former case.

571. I am not in the slightest degree wishing to lay down what the terms of this contract ought to be, but it seems to me that this will be our position if we approve this Bill without seeing what the contract is; we are made responsible for this Bill; in passing it we become responsible; whether the Government are right or not in throwing the responsibility on this Committee is not a question for me to determine, but we are made responsible, and if we pass this Bill without seeing the contract we shall be virtually signing, shall we not, a blank cheque to be filled up afterwards without our control?—There is no doubt that the short time which remained for the conclusion of all these arrangements has presented a difficulty in the way of that sort of deliberate mode of proceeding which might have been in other respects desirable. It is very difficult to express any opinion as to the extent to which the Committee would think itself justified in recommending the Bill without seeing the contract; but I do not know myself that I can say very much more on the subject.

572. Now I will give one instance of what, as it seems to me, would be left for future determination, and as far as this Committee is concerned, we should have no voice in the matter. Nothing so far as I can discover in this Bill indicates what will be the remuneration of the directors?—That is a matter, no doubt, which must be decided between the Secretary of State and the court of directors?—It is not specified in the Bill.

573-4. I do not in the least degree say that anything improper will take place, but as far as we are concerned we are asked to sanction an arrangement, and one part of that arrangement will be the paying of the directors an amount of money over which we may not have the least control; we do not know (simply as a matter of fact, there is nothing whatever in this Bill to show) whether the remuneration of the directors is 200*l.* a year or 2,000*l.* a year?—I speak subject to correction, but I am not aware that in that respect any change is made from the existing system. I imagine that the Secretary of State and the board might agree upon any rate of salary at present.

575. But when you speak of the existing system, the very thing which I wish to avoid is our sanctioning such a system as is now in existence; because it seems to me that if any committee could have only had an opportunity of considering the contracts which are in operation now, they would never have sanctioned them; and therefore anything connected with the present system, it seems to me, should be considered not as a precedent to suggest our future conduct, but as a warning to avoid?—I should have thought that questions of this sort as to the remuneration of directors, are matters which might be left. After all the Government of India has in its power questions of infinitely greater moment than that which are entirely left to their own discretion,

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discretion, and I could hardly imagine that it would be thought necessary to tie the hands of the Secretary of State by Act of Parliament as regards the remuneration of directors in the conduct of an enterprise in which he has so great an interest. There must be a certain power to a great Government like the Government of India in these matters, controlled by the Secretary of State, and I do not know that that is an unreasonable power to leave in the hands of a responsible Minister, a Minister responsible to Parliament. It appears to me that any arrangement of that sort which was open to any serious objection, would be so distinctly the subject of criticism in Parliament that it would be very difficult to imagine any very great abuse arising.

576. I am not in the least degree contending for the interference of Parliament in the details of Indian administration; but by the act of the Government themselves, and not at a request from Parliament, they ask Parliament to consider a very elaborate arrangement; we have to sanction some of these arrangements down to most minute details, and what I am contending for is this: if Parliament and this Committee are made responsible (they did not ask that they should be) for this arrangement, all that I am saying is, that they cannot exercise that responsibility properly unless they know what they are going to sanction; is not that so?—Parliament cannot, of course, be responsible for anything more than it sanctions; but if it possesses sufficient confidence in the Secretary of State to leave the terms of the contract to be arranged between him and the company, their responsibility would cease at that point.

577. Now I see that in some respects we shall have to inquire in this Bill into most minute details. I want to know why in the future a meeting will be legally constituted (and I suppose a meeting of proprietors will have in future very considerable powers) if it only represents 40,000*l.* of stock out of a capital of 32,000,000*l.*, 6,000,000*l.* of which is owned by the proprietors. Now can such a meeting as that, a meeting thus constituted, be considered in the slightest degree to represent the interests of the company or the interests of the Government; may it not be purely a packed meeting?—I think that is a question which probably some other witness will be able to answer better than I can; it is not a point that I have given my attention to, and I am not prepared to state the grounds on which that particular provision rests.

578. There are some of the provisions in this part of the Bill so extraordinary that I should like to find out who prepared them?—The Bill was prepared by the company.

579. I understand that the Bill was prepared by the company and accepted by the Government?—No, it has not been accepted by the Government.

580. The Government, I suppose, by introducing this Bill into Parliament (I believe the Under Secretary considers himself responsible for it) does accept this arrangement of having a legally constituted Committee consisting of proprietors holding only 40,000*l.* of stock out of a capital of 32,000,000*l.*?—That was a point, no doubt, which the Government considered might be very properly discussed in Committee.

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Mr. Fawcett—continued.

581. Then there is another arrangement, in the 26th clause, I think, to this effect: a person holding only 20*l.* of stock (so far as I interpret the clause) has a vote; if he is the owner or the possessor of an annuity of 1*l.* a year, which represents, say something less than 20*l.* of stock, he has a vote?—That is so.

582. So that a person by cutting up 1,000*l.* may at once get 50 votes; according to that arrangement you may create 50 votes out of 1,000*l.* of stock; and there is this extraordinary arrangement, that if he owns an annuity of 1*l.*, he has one vote, but if he is to get two votes he must hold an annuity not of 2*l.*, but of 20*l.*; it is 20 times as much to get two votes, as far as I understand the clause; so that he gets one vote by having a capital of 20*l.*, and in order to get two votes he must own 20 times as much capital; probably you must have seen these clauses; you must have read them?—I have read them, but I have not prepared my examination on these points, and I think it would be far better that they should be answered by those who carefully discussed them in the course of preparation.

583. I suppose the details of the Bill were carefully considered in the India Office; who will be the proper person to give us such information?—I think that Mr. Danvers, the Government Director, would be the person to answer those questions.

584. Now you said, in reply to a question just now, that great pains is taken to ascertain that repairs of bridges and other parts of the line should be made, under certain conditions, out of income and not out of capital, or *vice versa*; so that, for instance, the returns of the lines should not be unduly swollen by devoting to profits a portion of the earnings which ought to have been spent in maintaining the line. Now are there any reports which are in existence in the hands of the Government in the India Office, which show the state of the line just previous to the purchase?—I imagine that these reports are constantly made to the Government; I am not prepared to say at what particular date the last report was received; I could easily inform the Committee.

585. Have you ever looked at them from this point of view. It was evident four or five years ago, and every one knew it; there were discussions in the paper about it; it was a thing perfectly notorious that there was a very great probability that this line would be purchased by the Government, and the consequence was, of course, that the higher the price of the shares, so much the better for the company, and the price of the shares would of course partly depend upon the dividends which were earned. Now, are there any records to show that with regard to these five years, which is the only time when any surplus profit has been earned, money, which in previous years had been spent in keeping up the line, has not in these five years been devoted to profits?—I have no doubt that there would be no sort of difficulty in supplying evidence on that point from the correspondence with the Government of India. The Government of India has, as I have already stated, constant means of inspecting the line, and it has always had a deep interest in the line. Under past contracts it divided the surplus profits with the company;

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to that extent there was a partnership between the Government and the company; and having a Government director on the Board in London and every question arising as to the appropriation of the earnings of the line being one which required the sanction of the Secretary of State, and which gave rise to considerable correspondence between the company and the Secretary of State, there was really no kind of possibility of the Government being kept in ignorance of the condition of the line, or of its being in the power of the company to starve the line with a view to forcing up the value of their shares; it is one of those cases in which it appears to me impossible that such a state of things could have arisen without the cognisance of the Government.

586. I want to see exactly to what extent the interests of the Government are protected in certain questions where they come into conflict with the Company. Of course in some respects the interests are identical; but in others they are not. The Board of Directors consists of several gentlemen, does it not?—Yes.

587. How many are there on the Board of this Direction?—Seven.

588. The Government is represented by one gentleman, Mr. Danvers, and the Company is represented by six?—Yes; that is so.

589. And in addition to Mr. Danvers representing the interests of the Government on this particular Company, he has to represent the interests of the Government on every guaranteed Company, has he not?—That is so. I should observe that the Government Director has a veto on the decisions of the Board.

590. But still Mr. Danvers is the guardian of the Government's interests in all the guaranteed railways?—He is so.

591. And this arrangement may be continued under the new system?—That is a question which no doubt will have to be reconsidered. It has been discussed already. No doubt it would appear very reasonable, and, perhaps, necessary, that the Government should have a larger representation on the Board under the new arrangement than it had before.

592. But there is nothing in this Bill, is there, to show that they would have?—That has not yet been decided between the Board and the Government.

593. You have given us the amount of profit which the Government has obtained from this line during the last five years. The first year of its deriving profit was in 1874, according to your figures, was it not?—I only gave those years; but 1856 was the first year in which a surplus profit was gained.

594. As a question was put last time about its being of very little consequence to the Government, even if money had been wasted, can you state to the Committee the aggregate amount since 1855, that the Government of India have had to pay this Company to make good the guarantee?—I have no doubt I could give you that figure.

595. Will you please give it?—The guaranteed interest advanced in excess of the net revenue amounts to a sum of 4,505,279 l.

596. And the amount of profit that the

Mr. Fawcett—continued.

Government has received at a set-off against that 4,500,000 l. is what?—That is the net advance, or loss to the Government.

597. That is after deducting the surplus profits which they have received?—Yes; their share of the surplus profits.

598. At the time when the guarantee of 5 per cent. was given, or a great part of it, it was perfectly possible for the Government to have borrowed money in England at less than 5 per cent., was it not?—I am not at all prepared to answer that question; I do not know how that was.

599. I will put it in this way: as a matter of fact, there was not the slightest reason why a guarantee should be given beyond the current rate of interest; because the security was precisely the same, and in fact the position of the shareholders was better, because if the Government paid them off at any time, they would have had to pay them off at the price of the shares, whereas if the owner of stock is paid off, he is paid off at par; therefore the position of these shareholders was really better?—I see no reason why the guaranteed interest should be higher than the current rate of interest, say on the Secretary of State's debt.

600. Have you any instance in which it can be shown that at the time at which this guarantee was given, the guarantee exceeded the current rate of interest. We may fairly conclude that the difference of the amount represents a gratuitous sacrifice made by the Government out of the money of the people of India to this Company?—I speak really somewhat doubtfully on this point, because I have not prepared myself to answer the question, but I think the question will be met by the fact that in such cases the shares were issued at a premium which the Government took.

601. I believe I am perfectly correct in stating that the time, when, I will not say the whole of this capital, but when a portion of this capital was raised, and the guarantee of 5 per cent. given, the Government was at that time borrowing money at less than 5 per cent.?—In such cases I imagine that it would be entirely neutralised by the rate which the shares would command, the price of issue which the shares would command, and whatever loss would be incurred by the Government would be recouped by the premium which they appropriated.

602. But can you give any statement of the premium which they did appropriate?—I have no doubt that could be given.

Chairman.

603. You cannot speak with any personal knowledge as to whether or not these shares were issued at a rate bearing interest higher than that at which the Secretary of State could raise money?—It is impossible for me to do so; it is a mere assumption.

604. You know nothing whatever of such a transaction if it has taken place?—No. Information can be supplied, no doubt, as to the amount of premium at which the shares have been issued.

The Committee-room was cleared.

After a short time the public were re-admitted.

605. (To

Mr. Fawcett.

605. (To Sir Louis Mallet.) You said a great deal in favour of the advantages of private management as distinguished from management by Government agency. I suppose you think, treating the question as an economical one, that the reason why private agency is superior is, that you bring in the powerful motive of self-interest?—No doubt that is one strong reason. Another is, I think, the greater amount of knowledge of commercial facts.

606. But I think I can show that the knowledge of commercial facts and the greater commercial experience is not sufficient to secure efficient administration; I can show you from the experience of this line that that is so unless a feeling of self-interest comes in at the same time, because you are probably aware that the remarks which you have made about the excellent management of this line only apply to a comparatively limited period of its history, do they not?—No doubt.

607. And although the line was administered by directors who possessed the same commercial experience as those who now preside over it, during many years when the line showed little chance of becoming remunerative, and there was consequently no immediate prospect of the company being benefited by sharing in the surplus profits, the remarks which you have made about the excellent management of the line do not apply, do they?—I am not prepared to assent altogether to that view; I should be very sorry to say that the absence of surplus profits in the earlier part of the company's history was necessarily evidence of unskilful management; it was a new enterprise in a country in which railways were unknown; the original construction of the line was interfered with unfavourably by the policy of the Government, and it was constructed at very great cost, perhaps partly owing to errors of judgment or other causes, but partly also to the results of the mutiny; and I am not sufficiently acquainted with the administrative details of the railway in its earlier years, to be prepared to admit that the commercial management was seriously at fault, or was the principal cause of the absence of surplus profits; I imagine that an enterprise of such magnitude could only become remunerative after the lapse of years.

608. Are you aware that high officials, persons holding as high a position as the Finance Minister and the Viceroy, and the whole of his Council, affirmed in the strongest possible manner that there had been a waste, and a great waste, connected with this line, simply because as long as on the whole capital which was spent upon it, whether wasted or not, 5 per cent. was obtained, the directors and shareholders had no motive for economy?—I think that is an opinion which is entitled to great respect, and the authorities which have been mentioned are very much better capable of forming an opinion on the subject than I am.

609. Will you read the opinion of Mr. Massey who held the position of Finance Minister, and also the opinion of Lord Mayo, and the whole of his Council (*handing a paper to the Witness*), and I think you will find there that the waste and extravagance to which they refer did not arise from

Mr. Fawcett—continued.

a want of knowledge of the country, but rather from the fact that the company had not sufficient interest at that time in economical management. Will you read Mr. Massey's remarks from the paper which I have just handed to you?—Mr. Massey's remarks are to this effect: "The East Indian railway costs far more if not twice as much as it ought to have cost" (this was an opinion given before the East India Finance Committee, 1872); "enormous sums were lavished, and the contractors had no motive whatever for economy; all the money came from the English capitalist, and so long as he was guaranteed 5 per cent. on the revenues of India, it was immaterial to him whether the funds that he lent were thrown into the Hooghly or converted into bricks and mortar." Then Mr. Thornton gave evidence before the same Committee to this effect: "In a despatch from Lord Mayo and the other members in the Indian Government, dated 11th March 1869, he says, speaking of the general subject (the operations of the railways in India), 'On this important question we cannot do better than follow the general scope of Sir John Lawrence's argument;' and then he quotes the following words from Sir John Lawrence: 'The history of the actual operations of railway companies in India gives illustrations of management as bad and extravagant as anything that the strongest opponent of Government agency could suggest as likely to result from that cause.' After quoting these lines from Sir John Lawrence, he says, 'We assent to these views, and to the arguments on which they are based.'" I do not know what Mr. Thornton meant by "we."

610. You will see afterwards that he means Lord Mayo?—"The signers of this Despatch," he says, "are Lord Mayo, W. H. Mansfield (afterwards Lord Sandhurst), G. N. Taylor, H. M. Durand, H. S. Maine, John Strachey, R. Temple." That is a very strong opinion and very strongly expressed, and so far as the remarks of the honourable Member refer to the absence of sufficient commercial motive on the part of the company, and to the deterrent effect of the 5 per cent. guarantee, I cordially agree. That is a principle which has been decidedly accepted and become the cardinal rule of our present policy; we have entirely abandoned the principle of guarantee. It was adopted as a *pis aller*, I presume, because it was thought, rightly or wrongly, that there was no other way of getting the money; but I most cordially concur in the opinion that the operation of a guarantee, particularly so large a guarantee as 5 per cent., would undoubtedly very much diminish the interests of the shareholders in the commercial profits of the line; and to that extent, no doubt, we are hampered by the same difficulty in the future; and it was, therefore, one of the considerations which made the Government very anxious in determining the division of profits and in deciding upon the amount of interest which the company should derive from the undertaking, that a sufficient prospect of profit and remuneration should exist to supply that commercial motive which the honourable Member very properly considers is essential to the success of a commercial enterprise, and in which view I entirely concur. It is considered that the possibility of a very considerable

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siderable addition to the annuity, or to the interest rather, because it is only the interest which would be paid on that portion of the company's capital which remains in the undertaking, would be such as to supply that motive. That at all events was the intention of the arrangement, and I hope and believe that such will be the case. Four per cent. is a sum which is not very large, and the prospect of earning 6 or 7 or 8 per cent. or more, I hope in itself will supply to the company a very adequate motive for keen and vigilant superintendence, and for taking an active interest in the proceedings of their directors.

611. But at the present time the returns of this company are declining; they were less in 1878-79 than they were in 1877-78, and as far as the figures which I have read in the Budget statement go, they are considerably less for 1879-80 than they were for 1878-79, are they not?—The estimate for 1879-80 is no doubt lower, and I am not at all acquainted with the grounds on which the estimate was made, but I may state generally that it is very much the practice at Calcutta to put down their estimates as low as they can; it is a prudent course, not always a very wise one; but I confess that I do not attach very much importance to that estimate. No doubt, as compared with the profits of the year 1877 there has been a decrease, but I have heard nothing yet to make one believe that with a revival of trade the profits of the line will not revive, and become larger in the future than they have been in the past.

612. We have no official documents to contradict that Budget statement; have you the Budget statement there?—I am afraid I have not.

613. I have it (*handing it to the Witness*). If you refer to paragraph 137, I think it raises this question. You can hardly suppose the Government of India to have come to the conclusion that throughout India there is going to be a great falling off in the earnings of these guaranteed lines, unless they had some good reason for expressing such an opinion. And if you will turn to paragraph 137 in the Budget statement, I think you will find that the falling off during the present year in the earnings of these lines is estimated at no less than 1,800,000 £.—That is the total, is it?

614. Yes. Now that represents a falling off on the whole line of close to 2 per cent., as far as I calculate; and the statement is very positive on the subject?—I might observe that as regards the East Indian Railway the weekly accounts which we have been getting for the later weeks, I am informed are larger than they have ever been. Paragraph 137, to which you have called my attention, says, "Thus these railways are now expected to yield 1,884,256 £. less than in 1877-78, and a smaller net revenue than in any earlier year since 1873-74. The gross earnings will, indeed, be far larger than in any of these earlier years, but the working expenses are, owing to costly restorations, rather high. A main cause of the unfavourable comparison of the present year with recent years other than 1877-78 (the circumstances of which year were altogether exceptional), is the progressive fall in the exchange.

Mr. Fawcett—continued.

The growth of the net traffic earnings has been considerable, but it has hardly kept pace with the increased charge for interest and, above all, with the increased cost of the interest in silver." That, of course, is a question which must upset all calculations, and if the rupee falls still lower, no doubt that will land us in very considerable difficulties, and cut away the profits which we might otherwise have hoped to receive.

615. But if in a single year there is this very great expected falling off in the aggregate returns of the guaranteed railways, that shows, at any rate, that it is prudent not to speak confidently about this particular East Indian Railway earning a progressively increasing amount; you admit, do you not, that the exchange may become still more unfavourable, or even continuing as unfavourable as it is now the returns may decline?—If the exchange falls lower they must decline; if it remains as it is, we shall still be subject to a considerable loss on the estimate which was originally made when the negotiation was concluded; and still, in spite of that, we should be decidedly benefited, I think, by the recent arrangement. And as to the future, it is of course one of those things which is entirely speculative. Looking so far ahead as 73 years, it is a very long time, and it is idle to speculate upon it.

616. But the point to which, after admitting that the future returns of this company are speculative, I direct your attention particularly is this; the whole efficiency of the arrangements which you have adopted (I am now referring entirely to management, not to finance) depends upon this, that the company will obtain a surplus profit which will be divided amongst the shareholders, and which will give them an interest in the good management of the line; because if there is no such surplus profit, or if there is no definite and tangible prospect of such a profit being raised, then the state of this company will revert to that condition to which I directed your attention, which was described by Mr. Massey and Lord Mayo, when the company were not actuated by this commercial feeling of self-interest, and when the management of the line was wasteful?—That is quite true, no doubt.

617. Now there is one part of this contract, so far as I understand, by which this is provided; one-fifth of the surplus profits is to be given to the shareholders, but, as I understand the contract, they will not only obtain one-fifth of the profits, if any are to be divided upon the existing capital, but however greatly the capital of the line may be added to?—Any additions which are made to the line must be matters of future negotiation between the company and the Government. The agreement as it stands, only relates, of course, to the existing line.

618. But supposing, for instance, that a large sum of money was spent, supposing that additional capital was spent in making the line a double line, then this arrangement would give the shareholders a claim not only to one-fifth of the profits realised on capital which they themselves had subscribed, but it would give them a right to one-fifth of the profits on the capital to which they had not subscribed one shilling?—The money necessary for the execution of any works

Mr. Fawcett—continued.

works of that description would be raised, of course, and the interest upon that money would be a charge upon the earnings of the line, and be deducted before the profits were divided. When that charge had been met, when the interest upon the whole of the capital which had been borrowed for the purpose had been paid, then no doubt the company would receive their fifth of the surplus profits divisible between themselves and the Government.

619. Therefore, I am correct in describing it shortly in this way, that this arrangement gives the shareholder a claim to one-fifth of the profits not only on the existing capital, but upon all capital which may be subsequently spent upon the line; that is to say, of the profits arising from capital which may be subsequently spent upon the line, as long as the arrangement continues in force?—No actual agreement is entered into with regard to that as to the future of the company. As I said before, whenever a question arises of raising new capital for the purpose of extending or completing the present line, it must be a matter of agreement with the company; the terms on which that capital is to be employed, and the result of its application to the line, are matters of discussion and agreement with the company.

620. But this raises a very important point; I want to know whether it is one of those points left as yet unsettled by the Secretary of State in the contract which has been arranged; as far as I understand, the evidence of the Chairman of the East Indian Railway Company, he says this, that whether the Government wish it or not, if they decide that it is necessary (supposing this arrangement is carried out) or desirable to spend additional capital in future on this line, they can only spend it on this condition, that one-fifth of the additional profits that may be earned on that capital must be given to the shareholders; that addition to this Bill is tacked on to the future spending of capital?—Could the honourable Member refer me to the clause in the Bill?

621. It was the interpretation of Mr. Crawford, the chairman of the company?—The understanding that I had of it was that any future division of that sort would be matter of a separate contract.

622. But I press the point because it seems to me that it affords evidence of the very great importance of having these contracts before us; because you seem to think it is a matter for future arrangement; as I understand, if I am correctly interpreting Mr. Crawford's evidence, he puts an entirely different meaning upon it, and he thinks that this right of the present shareholders to enjoy one-fifth of the profits not only attaches to the existing capital, but to all future capital that may be spent on this line; and therefore you will admit that it is a very important point?—That is a point, no doubt; on which a perfectly clear understanding must be arrived at.

623. And as far as you remember there is nothing in the Bill which would enable it to be determined one way or the other?—I was not aware of it; I should like to refer to the clause which covers it; I am not aware of any clause in the Bill on that point.

0.73.

Mr. Fawcett—continued.

624. We might insert something in the contract to prevent it; but you do not think there is any clause in the Bill which gives the shareholders a right to one-fifth of the profits on all additional capital; you think it is a point to be determined by a future contract?—I cannot express a legal opinion as to the effect of the Bill; but I am certainly not aware of anything in the Bill which would carry that right.

Mr. Muntz.

625. From the whole of your evidence, presuming this Bill were to become law, what would be the advantage derived by the Indian Government by the Bill itself; what advantage do you suppose that the Indian people would gain by the passing of this Bill into law?—The advantage which has been contemplated as likely to accrue to the people of India, through the Government of India, is twofold; in the first place, it is believed that in future years the Government will derive from the railway a larger revenue than it hitherto has been able to receive under the terms of the existing contract; and in the next place, it has provided against a danger which was considered to be a very great one, namely, the possibility in the course of a further term, during which the company might have retained the rights which they have under their existing contract, of the Government finding itself at the end of that term obliged to pay a very much larger sum than that which it is now obliged to pay, in order to acquire possession of the line; in short, it is to protect themselves against a very heavy liability or a very heavy loss in the future, as well as to secure, as they hope, a larger revenue immediately.

626. Then, in fact, the advantage to the Government would depend upon the presumed increase of the value of the railway?—It would entirely depend upon that. If the Government had not believed that the line was likely to be an improving property, it would have been a very doubtful measure; the course they have taken would have been extremely doubtful; and unless the profit of the line exceed a certain sum, we had better have continued under our existing contract so far as the immediate future is concerned. With reference to the more distant future, it is of course a totally different question. There was, as I have already stated, a very great apprehension, in the mind of the Government of India particularly, that to allow this opportunity to slip would have been very short-sighted, and would have caused in future years very great regret.

627. Then, in fact, the only advantage to the Government of India of passing this Bill into law is, that it secures a certain property which they think may increase in value hereafter?—It amounts to that.

628. And it is a commercial speculation?—It is a commercial speculation, if you like to call it so; grounded not only upon speculative opinion, but also upon a very solid basis of experience.

Mr. Hubbard.

629. Mr. Fawcett inquired whether it seemed reasonable that the Railway Company should derive hereafter a share of profits resulting from

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an outlay to which they did not contribute; I think you explained that by showing that any further outlay would have to be effected through the medium of capital, the interest upon which would be charged before any profits upon that addition to the plant or the railway could be reaped?—No doubt that is the case.

630. Is it not also a possibility, if not a probability, that in the event of the line being doubled, or some very necessary branches from the main line being made, as often happens in this country, those outlays, after being charged with interest at 4 per cent., may not only fail

Mr. Hubbard—continued.

to produce a profit, but may actually entail a loss upon what otherwise might have been the net earnings of the company?—That is clearly the case.

631. So that no one can reasonably say that the railway company have, in the future, a very great and unreasonable source of advantage in the proposition that they should have one-fifth of the net profits of the railway?—I think not; I think it is one of those arrangements which might very reasonably be come to with a view of providing a check in a certain sense to any unwise application of capital.

Tuesday, 20th May 1879.

MEMBERS PRESENT:

Mr. Campbell-Bannerman.
Mr. Fawcett.
Mr. Grantham.
Lord George Hamilton.

Mr. Hubbard.
Mr. Muntz.
Sir Henry Peek.

LORD GEORGE HAMILTON, IN THE CHAIR.

The Most Honourable the Marquis of SALISBURY, attending by permission of the House of Lords; Examined.

Chairman.

632. I HAD, perhaps, better first explain to your Lordship the reason which influenced certain Members of the Committee in wishing to bear you as a Witness before this Committee: as, perhaps, your Lordship is aware, a Bill has been referred to us, by which the Secretary of State proposes to acquire possession of the East Indian Railway, and also to make arrangements for its future working; the whole or the greater part of these arrangements are contained in an Agreement which forms part of the preamble of the Bill; that Agreement appears to be the outcome of certain proceedings and negotiations which have occurred during the past two years, and which were initiated by your Lordship; the Committee were, therefore, anxious to hear what the grounds of public policy were which induced your Lordship to believe that it would be necessary for the Secretary of State to exercise the rights which, under the existing contract, would accrue to him at a certain period, by which he could acquire possession of the railroad, and also what arrangements were, in your opinion, necessary to ensure a continuance of the income from the East Indian Railway which had occurred in the past?—Of course I can only speak with reference to the general considerations which induced the Government to commence the proceedings for the acquisition of this railway. The details of the arrangement between the India Office and the company were concluded after my time, and I should not speak with any advantage upon them. We entertained a strong view that it was necessary in the interests of the Indian Government to acquire the East Indian Railway. Our grounds, shortly stated, were of two kinds: in the first place, it was a railway which of itself was increasing, with fair rapidity, in prosperity, and there seemed every prospect, according to the ordinary rules which have governed railway development, that in proportion as the railway came to be better known and more used, and population and cultivation increased in this neighbourhood, the profits from it would increase also. We did not feel justified in foregoing what certainly could not prove a loss, and what might prove an important source of revenue to the Indian Government. But there was another and a special ground leading

0.73.

Chairman—continued.

to a similar conclusion. The Indian Government at its own expense has been constructing a considerable number of branch lines. There is the Indus Valley line. There is the line from Delhi and Agra to Ajmeer, and on through Ahmedabad to Bombay. There is the line into Tirhoot, over that populous country where the Behar famine raged, where I think the population attains the enormous figure of 900 to the square mile, and there are one or two other important railways. Now it is a fact generally known to all persons who have had to do with railways, that branches in themselves are very seldom remunerative. They may pay, they generally do pay, their working expenses. I think it is safe to say that they rarely pay, save in exceptional cases, the interest on the money employed to construct them. But the consideration which induces railways to construct them, and to construct them with hope of profit to themselves, is that they bring a very large amount of traffic, which is pure gain, upon the main line. The traffic which a branch line throws upon the main line, except as far as regards the mere wear and tear of material and the coal burnt, is all pure gain, because the rails are there, the buildings are there, the officials are there, and whether they are used more or less you do not pay more for them. Therefore the advantage which a branch line, if it is suitably constructed, brings to the main line is very great. But if we left the East Indian line in the hands of the company, and were ourselves constructing at the cost of the Indian revenue all these branch lines, we were really making to them a present for which we received no reimbursement at all. There was nothing either in considerations of justice to them or of public expediency which should induce us to pursue such a course. For the sake therefore of obtaining to the largest possible extent all the benefit which this extensive system of branch lines would bring to the East Indian Railway, we thought we were bound to take this opportunity, which would not recur again within this generation, of acquiring the railway for the State. I think your Lordship mentioned in the second instance the precautions which we thought it would be necessary to take, in order to insure, as far as it

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was in our power, that we should continue to earn from the railway, the main line itself, in the same proportion as we are earning now. I understand you to refer to the policy of maintaining the company in a limited form, with limited powers and limited profits, for the purpose of working the line. That conclusion was arrived at after a great deal of consideration certainly, but without any hesitation. There were several reasons which I may mention as having induced us to come to it. In the first place, there is the consideration which I should think must be present to the minds of all who have been concerned in Indian Government, that the Governor General in Council is at present bearing a weight with which it is scarcely within human force to deal, and that unnecessary additions to it are to be avoided. Of course these things are questions of degree. But when it is remembered that the whole of the public works must be subject to the approval and management of one Member of Council, that the whole of that department must also come under the review of another Member of Council, the Finance Member, and that for the actions of both the Governor General, in addition to all the other cares incident to the government of that vast empire, is responsible, it is easy to see that precautions tending to relieve the Governor General of any unnecessary labour are not out of place. The tendency of the Indian Government, which has often been remarked upon, to encourage to an extreme extent forms and paper work, are simply an indication that the power of personal supervision is failing, and that it is necessary to have recourse to mechanical means to supply it. This is a consideration of general policy which it is difficult in words to carry home to the minds of those that hear me, though I suspect that all who have given their attention to the subject will acknowledge that it is more important than any other. But there are two special reasons why we desired the management of this railway to remain in the hands of the private company: one was that it would be more economical, and the other was that it would be more efficient. The superior economy of employing private management upon commercial work is simply that it is not necessary in the long run to pay the men so highly. I do not mean to say that in the actual comparison of salaries there will always be much difference, though I suspect that even there the Indian Government is somewhat more expensive in its administration than a private company would be, but there are systems of furloughs, systems of leave, systems of pension, there are rights of promotion which the House of Commons is never backward to insist upon, there are all the incidents of vested right attaching to public service, which make public employment necessarily more expensive than commercial. More important even than this reason is, that the administrative machinery employed by a commercial company is more efficient than that employed by the State. This may seem at first sight a startling proposition to lay down. But it is necessary to remember that the servants of the State have a political value and are employed upon political duties, and probably for political efficiency they are unrivalled; but political efficiency is not wanted in the management of a railway. It is a totally different kind of efficiency, and for that purpose the peculiar

Chairman—continued.

machinery which the State employs is probably less suited. In the first place, the engineers who would have the main discharge of this sort of duty, have not that complete, minute, detailed, lifelong knowledge of all the circumstances of a railway which belongs to those who have done nothing else all their lives. And in the second place, there is this enormous difference between private employment and public employment, that if a man is not efficient, if he does not suit in private employment, you have simply to say to him, "Go, we prefer to employ somebody else in your place;" whereas, in public employment, you have to establish his inefficiency by proofs little short of those that would be required in a court of law. The practical difference is very great. I repeat, that in the political administration of the State, it is outweighed by the advantages you obtain from the class of persons you are enabled in that manner to employ, but none of those advantages are obtained in the management of a railway. I think I have gone through the main considerations. Of course, I should waste the time of the Committee indefinitely if I were to dwell upon them for any greater length, but I have indicated the main considerations which guided us in adopting the policy to which your Lordship has referred.

633. According to the terms of the contract, it would be necessary for the Secretary of State to acquire possession of the line by either the payment of a lump sum, the interest of which would be guaranteed upon the revenues of India, or by the payment of an annuity, which also would be guaranteed from the revenues of India. That would remain a certain charge for a fixed time; it therefore would be necessary, I assume, for the Government of India to make such arrangements by which they could, so far as human foresight could arrange, carry on the management of the company, so as to be certain of receiving a certain income to recoup them for the increased charge which they placed upon the revenues of India?—Yes, that would be so.

634. In your opinion, therefore, the most efficient means by which they could with certainty rely upon a large income from the East India railway was to continue the present management?—No doubt.

635. I assume, that as both parts of the arrangement hang together, that is to say, the acquisition of the line by the Secretary of State, and its future management by the present company, you would not have been indisposed, if you had been Secretary of State, to make some concession to the company with a view of securing their services as a managing authority for the future?—Certainly I should not; of course, it is a question of degree; I do not myself know the exact bargain that has been made, but I have no doubt that the general principle is correct, that it would have been wise to deal with them liberally.

636. I think I am assuming that your Lordship has given your evidence on your experience, not merely as Secretary of State, but also on the personal experience which you have derived from being connected with the management of English railways?—Necessarily, I could not separate the two in my own mind.

637. And therefore as the expediency of acquiring possession by the Secretary of State of the East India line must, in your opinion, hinge upon

Chairman—continued.

upon the continuance of the existing management, you would, as you before said, not be indisposed to make some concession, though what, of course, you could not state, unless the actual terms were before you?—Exactly so.

Mr. Fawcett.

638. I should be very sorry to trouble your Lordship with any unnecessary questions, and therefore I will ask you whether you were in any way whatever responsible for the money proposed to be paid for the purchase of this railway. When you left the India Office, had it been decided that the rate of interest current on the obligations of the Indian Government in England should be calculated at 4*l.* 6*s.* when the 4 per cents. stood at par?—My recollection of the matter is this—though as a good many things have passed through my mind since, I may possibly recollect imperfectly. When I left the office the leaning of my own mind was in favour of payment by the first plan, buying the shares up altogether with a sum of money paid down; but I understand that the state of the money market and certain payments which are in prospect next year have, in the judgment of the financial authorities, made that course unadvisable.

639. Assuming that it was desirable to purchase this railway, and assuming that it was desirable that if possible the advantages of private management should be continued, you are not, as I understand, in any way responsible as to the terms on which the annuity was calculated, whether it should be 4*l.* 6*s.* or 4*l.*?—We had not got so far as that.

640. You would prefer, of course, not expressing any opinion upon that point?—I should be wholly incompetent to do so. My opinion would not be worth listening to.

641. Were you in any way responsible for other provisions of this Bill, for instance, that when the management of the property after being acquired by the Government should be handed over to the company, a legal meeting of the company would be constituted if you could gather together shareholders who hold amongst them 50,000*l.* of stock out of 32 millions?—Oh no. That must have been a detail adopted after the matter had got further than it had with me.

642. All you wish to express an opinion upon is this, that you thought it desirable that the line should be acquired by the Government, and that, if possible, the advantages of private management should be continued; but at the time you left the India Office the details of the bargain had not been considered by you, nor had you come to any decision as to whether it would be better to purchase it by paying down a lump sum, or by an annuity, although your own opinion inclined towards purchasing it by a lump sum?—I should say that certainly no decision had been come to. A good many calculations of the precise proportion which it would be desirable to pay to the working company had been submitted to and considered by us. I should be sorry to tax my memory to say what the exact proportion was, but my impression is that it was not very different from that which has been put in the present Bill. Of course, I am separating it from the question of buying up the company. That is a question on which we arrived at no decision, but the remuneration to be given to
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Mr. Fawcett—continued.

this new company, I think, was very similar to what has been put in this Bill.

643. You mean that they should have one-fifth of the surplus profits?—Precisely.

644. No decision whatever had been come to, and therefore, as I understand you, you have no responsibility; I want to separate the responsibility as far as possible, and to know where the responsibility ended. You have no responsibility whatever as to the rate of interest that was adopted in calculating the annuity to be paid?—No, because we had never got so far as to determine that an annuity should be paid. The inclination of my mind was in favour of a lump sum at that time.

645. And, again, you had no responsibility whatever as to departing from the terms of the contract to the extent of making 250,000*l.* difference to the revenues of India, that when the price of the railway, according to the terms of the contract, was 124*l.* 3*s.*; they gave 125*l.* for each 100*l.* stock, thus throwing an additional charge on the revenues of India of 250,000*l.*; I am not approving or condemning that now, but that was a detail which was not considered when you were in office?—That question had not arisen; it obviously could not arise until we had reached some approximate calculation of what the amount to be paid was.

646. That was after you left the India Office?—Yes.

647. You spoke just now of the fairly progressive returns of the Indian railways?—Yes, of this railway.

648. Are not any remarks which may be made as to railways considerably modified by what is stated in the Budget of the present year, and are not the opinions which have been expressed about the prospects of these railways to a considerable extent based on the exceptional returns of 1877 and 1878, because I find on referring to the 137th paragraph of the Budget statement of the present year it is said, "The returns from the railways during the year 1879-80, are estimated to show a falling off of 1,885,000*l.*," and then they go on to remark that "with the single exception of the year 1873-74, this will give to the guaranteed railways a smaller net return than they ever yet earned"?—I do not think that that would modify the opinion that would be derived from looking over 10 or 12 years. Where there are events so startling as the famines in India you must be prepared for violent fluctuations, in one year in consequence of the profit on carrying grain, and in another year in consequence of the increased poverty of the people; I think, allowing for these fluctuations, I am justified in saying there has been a fairly progressive return.

649. There is another thing by which, as it appears to me, this unfavourable return has been brought about. They say one cause of this falling off of 1,885,000*l.* on the guaranteed railways has been an increase in the working expenses and the cost of repairs. That is not an exceptional circumstance, may not that go on producing a prejudicial effect?—I have not looked at the figures, and I do not understand how an increase of working expenses could have arisen. The repairs are very often an accidental item. Occasionally the river changes its bed and sweeps away a station or a bridge, and that has a very serious effect on the returns of the year without
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affecting the permanent prosperity of the railway.

650. Of course when you left the India Office the conditions of the management, if it were entrusted to a company, had not been entered into, for instance, as to what should be the qualification of directors, how many directors there should be, what their salaries, what control the Government should exercise over the purchase of stores; none of those things which will have to be filled up in this Bill had been considered, had they?—No, those would be matters of negotiation. Of course our object would have been to have kept down all the machinery of shareholders and directors to the lowest possible point consistent with the object of maintaining this very high-class commercial management.

651. I am very anxious to get at a correct idea of your opinion; as I understand your evidence, it is this: you approve of the principle, but you in no way are responsible for the pecuniary arrangements which have been adopted with regard to the purchase?—No, I am not. Perhaps I might say that if you had not behaved liberally to this East India Company you would have had to run them out. Assuming you maintained the idea of purchase you would have had to run them out and assume the railway for yourselves. I think you would have been exposed to all the evils which are familiar to persons who run out a farm insisting on the extreme exaction of all their rights from the tenant. They generally find that liberality pays best.

652. Still the original contract was certainly liberal enough to the company, was not it?—There are two ways of looking at it. Looking at it from the standpoint of our experience of course it was absurdly liberal, but you must remember that at that time much that is known now was not known, and probably the terms were the best that could be obtained if capital was to be raised and the necessary railway skill was to be acquired.

Mr. *Muntz*.

653. With regard to the general public policy of the purchase, I understood you to say that the principal, if not the sole object of the proposed purchase, was an anticipation of increased traffic on the line, and in order to assist the branch lines constructed by the Indian Government?—It was in order that the Indian Government might reap the benefit of the traffic brought on to the main line by these branch lines.

Mr. *Campbell-Bannerman*.

654. When you spoke of the expediency of giving liberal terms to the company, did I understand you to use the expression in a general sense; in the sense that this company deserves every consideration, and ought not to be, as it were, run into a corner in the transaction; or do you mean that in order to induce them to come into this arrangement by which they continue to have an interest in the line, better terms should in your opinion be given to them than those they were entitled to under the contract?—I did not mean that any consideration ought to be shown to them. That is a matter of feeling which I should not have ventured to put forward as a motive of policy. I do not think I should attach much importance to the ideas that are sometimes entertained, that they ought to be paid

Mr. *Campbell-Bannerman*—continued.

well as having been good public servants. My impression is that they have followed, in a very masterly and enlightened manner, their own interests, and that they require no reward for having done so. What I do say is that it was very much in the first place to our advantage to obtain their co-operation to manage the railway for the future, and it was also to our advantage that we should separate from them in peace and not in anger. If we had separated in anger they might have run down the railway, to use the expression applicable to a farm, and it is much more easy to run down a railway than it is to run down a farm.

655. Can you express any opinion as to the necessity of giving better terms to the company than an arrangement under the contract would have implied, without allowing the matter to run out, as you say?—If better terms have been given than the contract, properly interpreted, implied, I suppose it would be in order to induce them to come to an agreement, instead of each party taking its stand upon its absolute legal rights.

656. Have you gone sufficiently into it to have formed an opinion whether any inducement or bribe of that sort was necessary?—Decidedly. As far as I could see their frame of mind, they were quite resolved to fight for their own rights to the utmost, and might have made themselves exceedingly disagreeable.

657. You think that the conditions of the contract and the prospect of having one-fifth part of the future results of the company would not have been sufficient?—That is a condition of the contract. On that I should be sorry to express an opinion, for our negotiations had not gone sufficiently far. I prefer to confine myself to the general statement of the reasons why I thought liberality of treatment expedient in the interest of the Indian revenues.

658. In fact, your evidence stops altogether short of the question of the bargain which has been made?—Entirely, and necessarily.

Mr. *Grantham*.

659. As a practical man, does the knowledge that these shares on the market were at 132 before this arrangement was proposed, and that now, or soon afterwards, they dropped to 125, or under 125, show you that it would be the interest of the company to do all they could to prevent an arrangement being made with the Government for the purchase of the land. They were at 132, while it was supposed they would go on taking the half-surplus profits, and after this arrangement was proposed, and when it was supposed they would be purchased out by the Government, they dropped to something like 125?—I think it would be safe to say that that fall shows that, at all events, the company had not gained any great advantage over the Government. But it is necessary, in considering that fall, to remember that there has been a change from a permanent stock to a terminable stock, and that never sells so well in the market as the permanent stock.

Sir *Henry Peck*.

660. I suppose your Lordship also considered it would be very desirable that the railway should be in the hands of the Government for other reasons than pounds, shillings, and pence?—Of course,

Sir Henry Peck—continued.

course, there are strategical and political reasons which I thought it unnecessary to dwell upon, but which had their weight.

661. They had great weight?—They had their weight.

662. And probably had the main weight in the desire to acquire the railway?—I will not put it quite so high as that; I think the financial reason of itself was strong enough. There is no doubt the political and strategical reasons, which it is never desirable to go into at great length, had very great effect.

663. They had the main place in your Lordship's mind at the time?—Certainly, an important place.

Mr. Hubbard.

664. In dealing with this question, did the Indian Government conceive that they had merely a definite contract before them which was to be carried out and arranged with the East Indian Railway Company, or did they imagine that the circumstances and times so far prevented the practicability of that contract being literally enforced as to make it a matter of arrangement with parties who were really free agents in the matter?—There were some circumstances, undoubtedly, which made it very difficult to carry the contract out to its literal extent.

665. But still the contract was to be taken as the reasonable and fair basis of the arrangement, and one which might equitably dictate the main features of the ultimate arrangement?—I think so.

666. You expressed an opinion that it would be wise to deal liberally with the East Indian Railway Company in this matter, and I think you expressed since that liberally did not imply giving to them any undue advantage; are you acquainted with the precise arrangement, as it has been made, with the main points, I mean, which consist only of two, the one the price which is given to them of 125 *l.* per share, and the other the rate of interest of 4 *l.* 6 *s.* upon which the price was to be converted into an annuity?—I have read those arrangements, but I should be very sorry to express an opinion upon them, for I feel that without going carefully into calculations which I have not made, my opinion would not be worth having.

667. Are you acquainted, although it is not in your office now, with the last financial report sent from Calcutta, which has a very interesting Paper upon the purchase of the East Indian Railway, in which these expressions occur; although it may not be in your Department now, you may be able to say how far it expresses views which you probably would have responded to if you had still been in office. In this report they say this: "There is good reason to believe that on the whole the intention of the original parties to the contract has been substantially

Mr. Hubbard—continued.

fulfilled, and it is a cause of much satisfaction to the Government of India that this important transaction has been concluded without any breach of the friendly relations between the Government and the company;" as far as you can judge, in your present position, do you concur in the view which is expressed in that passage?—Yes; I think that that very generally expresses the correct view. My objection to a breach of friendly relations with the company would be, perhaps, more a business objection than a sentimental one, and it would arise from my belief that it would injure the railway very seriously.

Chairman.

668. There is one part of the arrangement on which I think you may be able to express an opinion; that is as regards the acquisition of that part of the line which runs from Jubbulpore to Allahabad; under the contract it would not have been possible for the Secretary of State to acquire possession of this for some three or four year. I believe part of your original proposal was to obtain, if possible, simultaneous possession of the branch lines as well as of the main line?—That was our object, no doubt. It would have been inconvenient that this bit between Jubbulpore and Allahabad should have been in the hands of a private company; the East Indian Railway in the hands of Government, and the Great Indian Peninsula in the hands of any private company.

669. You are aware that in any calculation by which the interest of the annuity would be estimated, the 5 per cent. stock which is redeemable next year would be included?—Yes.

670. And yet, notwithstanding this fact, you were prepared to recommend the acquisition of the Jubbulpore line at the same time as the Secretary of State for India acquired possession of the main line?—May I respond to the question by another? Are you certain you will be able to convert your 5 per cent. next year? If you do not, of course, the whole of the conditions of the problem are altered.

Mr. Fawcett.

671. In considering the anticipation of the purchase of the Jubbulpore line, did you consider the pecuniary loss it would be to India, merely looking upon it as a question of financial bargain?—As we had never got as far as the principle of the annuities, we clearly could not get to the calculation of the price that we should have to pay.

672. As with regard to the other part of your evidence, you were simply expressing an opinion as to the desirability of the general principle, and not as to whether it was worth while making any pecuniary sacrifice?—Precisely. We had not appraised the price which we were willing to pay for it.

The Right Honourable Lord Viscount CRANBROOK, attending by permission of the House of Lords; Examined.

Chairman.

673. YOUR Lordship has heard the evidence of the preceding Witness?—Yes.

674. And I assume that you concur generally in the grounds of public policy which he has laid down as actuating him in wishing to acquire possession of the East Indian Railway?—Yes, I do.

Chairman—continued.

accept them entirely. The purchase is wise in itself upon the grounds which Lord Salisbury has stated, and other grounds which occur to me also, perhaps of not so great importance, but still having great weight with me.

675. I assume that you made arrangements for

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for endeavouring to bring to a practical issue the negotiations which have been set on foot by Lord Salisbury?—Certainly.

676. Can you state to the Committee what the procedure at the India Office is before any great transaction of this kind would come before you as Secretary of State in Council for consideration?—It would of course have been considered by the Finance Committee. It had been practically before the Council, I think, before I came to the office at all. I think it had been examined by the Council before that as to the question of purchase.

677. Sir Louis Mallet gave us in his evidence to understand that he and certain other officials of the India Office had interviews with Mr. Crawford, that out of those interviews arose certain proposals, that those proposals were then submitted to the consideration of a Joint Committee, which I believe you nominated?—Yes. I did not quite understand you, I thought you were going much further back. There is no doubt there were negotiations took place between certain officials of the India Office and Mr. Crawford; I suppose private to a certain extent, and then when they had got to a certain point they practically became the negotiations of the Office itself when they had come nearly to terms. It must be remembered it was not done under the contract, and of course, as Lord Salisbury has himself stated, it was done as a bargain between two parties in a certain sense, irrespective of the contract, but taking no doubt the contract as the basis.

678. Those propositions were, I assume, submitted, according to the practice of the India Office, to a Committee of the Council?—Yes.

679. Before they came on to you for consideration, as Secretary of State in Council?—Quite so.

680. Was that a special Committee which was nominated?—Yes, we had a special Committee.

681. Including, I assume, certain members of the Finance Committee?—Yes.

682. And they went carefully through the proposals by which you were to acquire possession of the East Indian Railway?—It was very carefully considered.

683. I assume that you agree with Lord Salisbury that you must connect the two different parts of the arrangement and that you cannot separate them; that in considering the terms by which you gained possession of the line, you cannot lose sight of the fact that by this arrangement you ensured the continuance of the existing management?—I thought that very important.

684. Because unless you could be certain of obtaining a certain income from the railroad, the acquisition of the line would financially have been a loss?—No doubt.

685. And for the reasons stated by Lord Salisbury, you did not wish that the responsibility of managing this great undertaking should be put upon the Government of India?—No, I thought it far better that there should be people commercially interested in its success, and persons who had shown good skill in its management up to that time, and who also were, to a great extent, a guarantee to us that they, as well as ourselves, felt a certainty of the progressive increase of the earnings of the railway.

686. The various details of the arrangement, I

Chairman—continued.

suppose, were carefully worked out by different officials at the India Office?—They were worked out by officials; I accept them, and of course, am responsible for them, but they were worked out by those who are much more conversant with financial matters than I was personally, who entered into the details in a manner which I could not myself, I admit, do.

687. The general impression at the India Office was, that although this arrangement was an anticipation of the contract, it fairly represented the terms embodied in the contract by which you could acquire possession by purchase?—Yes, I think so.

688. I do not know whether you wish to make any observations upon any details of the arrangement?—No, I think they would be much better spoken of by those who really made them, and who discussed them carefully, and went into those details in a manner which, as I say, I have not done. I have rather accepted, upon the authority of those who have done so, the greater part of those details.

689. Those details were, in the opinion of those in whom you had confidence, satisfactory, and likely to effect the object which you had in view?—I think so.

Mr. Fawcett.

690. As you say you accept in full the responsibility of these details, though they were prepared by others, and we could get more explicit information from them, would you be good enough to inform the Committee who, in your opinion, you think would give us the best information?—I think Sir Louis Mallet, who had the chief charge of it, would really give you the best information, and if there is any point on which he has not given evidence that is left in doubt on your mind, I am quite sure that he could supply it, because there is no part of the arrangement which has not been within his cognizance, and in fact, under his active superintendence.

691. I directed Sir Louis Mallet's attention to one very important part of the Bill, to which he did not seem, as far as I could judge, to have had his attention directed before, and that was this: what, after this railway has been transferred to a company, constitutes a legal meeting? As far as I understand the Bill, a body of shareholders representing only 50,000 l. of stock will be able legally to exercise influence over property of the value of 32 millions?—I do not think that the fact that a certain number of persons form a quorum is really any objection at all, because everybody has the power of coming in, and everybody who takes a sufficient interest in the affairs of the company will be able to be represented and to be heard, and therefore, though, as a matter of fact, if there is business which does not excite any interest, a quorum is got together for the purpose of carrying it into effect, yet if there is business which is of importance anybody can take a part in it, who is a member of the company.

692. I think in Clause 25 of the Bill you will see this: the man who holds an annuity of 1 l. a year, that is a holder of 20 l. stock, has a vote, and to get two votes you have to hold twenty times as much, that is a very unusual thing, I think, to insert in a Bill; who is responsible for that?—I cannot really put upon any person specially the responsibility of a particular clause in the Bill.

Mr. Fawcett—continued.

Bill. Of course in the broad sense of the word I am responsible for the Bill, but as to this detail, which is pointed out as objectionable, I cannot give any account of it.

693. I am not saying it is objectionable, but it is unusual, I think, so far as I have been able to discover, and I thought there was some reason why it must have been inserted; I asked Sir Louis Mallet, and he could not tell me?—This is the first instance, as far as I am aware, of anything like this company being formed. It is a company practically working a machine of five times the power of those who have the interest. They have an interest only in a fifth of it, and I think it very likely that the plan which is adopted of working it, which of course has been carefully considered both with the old representatives of the company and with the India Office, would be drawn upon a different footing from what it would be if it were a railway company in the ordinary sense of the term.

694. As the Secretary of State acts in all questions of finance, and this is one, not simply as a Secretary of State, but Secretary of State in Council, of course the Council are responsible; was not this Bill submitted to some Committee of the Council?—Yes, certainly; there has been a special Committee sitting.

695. Of course Sir Louis Mallet is not a Member of the Council, and they would be more directly responsible than Sir Louis Mallet for it, because it is done in their name really; it is not done in his name?—In details of this sort I have not the least doubt that they were accepted practically upon the responsibility of those who made them, as an arrangement which seemed likely to work beneficially.

696. What I want to find out is, were there any members of the Council of the Secretary of State to whom this arrangement was particularly entrusted, and from whom we could get evidence; if so, whom do you recommend us to call who was most concerned?—At this moment I do not know that any particular Member of the Council, more than another, could be called on this point.

697. As far as I understand one very important particular, no provision is made for this circumstance; supposing this Bill is carried out, as I understand the evidence of the chairman of the company, he said that the existing shareholders who came under the arrangement proposed in this Bill would undoubtedly have a right to a share of all additional capital which might be spent by this company, and the profits realised in this company; Sir Louis Mallet, when I examined him, seemed never to have considered the point, and therefore that very important thing has not been provided for?—As to capital which is found by the Government.

698. No, I mean this: suppose it were decided, for instance, after the Government became possessors of this company, to spend an additional 10 millions, which would be Government money; that 10 millions probably would not be spent unless the Government thought it would be a judicious investment; suppose profits were realised upon that expenditure of more than 5 per cent., would the existing shareholders be entitled to a share of the profits which were realised on a capital to which they have not subscribed a farthing?—It seems a large assumption, but assuming that capital was laid out so inju-

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Mr. Fawcett—continued.

iciously by the Government as not to provide for their getting the return for it themselves, if they were to spend it upon the East Indian line, as it is vested for the time being, or a fifth of it, in this company, I assume any profits that arise from it the company would get their fifth share of.

699. Then this arrangement not only gives the company a claim to one-fifth of the profits on the existing capital, but to one-fifth of the profits realised on any additional capital?—Yes, but I think you are assuming that the Government would lay out capital in that way without making such a provision as would secure them against any undue deduction from what they had a right to receive upon it.

700. It seems to me a point which ought to be cleared up beforehand, or else you may get into an awkward dispute; suppose the company were to spend capital and the shareholders claimed one-fifth of the profits, and the Government says, "We never contemplated that; you have nothing to do with this capital; if we spend it we shall have all the profits," certainly that is a case which ought in one way or another to be provided for; if you are going to give another body a claim to a certain share of profits, you ought to define beforehand whether that share of profits attaches to the existing capital or to any future possible increase of capital?—As it stands, I understand it to apply to the existing capital. If there should be the necessity of raising money, the terms upon which it will be raised and spent, I suppose, will be settled with the company.

701. I see many things, with regard to the future management of this company, are to be provided for by contracts to be subsequently arranged; shall we have an opportunity of seeing these contracts shortly before we have to consider the passing of this Bill; are they in that state of preparation?—I cannot say that there are any contracts that I am aware of that would be brought before the Committee.

702. For instance, we shall not know, when we are called upon to pass this Bill, what are the contracts which may be entered into between the Government and the Secretary of State, as to the future management of this Company, because it is not contained in the Bill; you cannot find it out from the Bill?—The Company will practically manage the line under the arrangements, which no doubt may be varied, to some extent, between them and the Government.

703. But this arrangement which may be entered into as to the future management of this line, with regard, for instance, to the control which the Government will exercise over the purchase of stores, with regard to the remuneration of directors, the number of directors, and all those things which we know nothing whatever of, we shall not have an opportunity of seeing?—I should suppose not. It seems to me that they are quite, if I may say so, out of the province of the Committee. The Committee is to ascertain, as I understand it, whether or not it is a right thing that this Bill should pass, which would enable the Government and the Company to enter into the arrangement generally. The details of the management between them, I presume, would be left to the self-interest of the Government as well as of the parties in it. The Government has the object of getting as much as possible from the railway, while leaving a just share to those who have the management of it.

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704. Still

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704. Still we are called upon in passing this Bill to express an opinion on the expediency of a particular arrangement, and the details of that arrangement. If we do not see these contracts now we shall not have an opportunity of seeing them, and, therefore, we cannot judge of them. We are simply called upon to decide upon general principles?—That is what is before the Committee. The other portion it seems to me is a matter for detailed arrangement, which would involve a Committee in very large inquiries without really bringing them nearer to the conclusion.

705. With regard to the terms of purchase of this railway, do I understand that the rate of interest, 4 l. 6 s., on which the proposed annuity is based, was the legal interpretation which was put upon the rate of interest as mentioned in the contract, or are the Committee to understand that 4 l. 6 s. was a part of the liberal arrangement which we have been told the Government entered into with this company in order to secure the management?—As I understand it there was a calculation made upon the basis of the contract both by the company and by the India Office, and they arrived if not at the same figure, so closely at the same figure, that there was perfect satisfaction expressed as to its representing what really was the fair basis. If I am asked as to the actuarial calculations, I am bound to say that I accepted these calculations which were made very carefully in the office, and for which, of course, the actuaries and those who made them were responsible. I believe that if that contract is capable of an interpretation without ambiguity, which I have some doubt about, but still, taking it as it stands, I believe they did take the right view of the meaning of the contract, and that it was a fair calculation which they deduced from it, assuming the actuarial calculation to be correct, which I have done.

706. Of course arriving at the same results simply depends upon this: they adopted the same method of calculating, and, therefore, unless they made an extraordinary arithmetical blunder, which a schoolboy would scarcely make, they must arrive at the same result?—That is quite true. It shows this, at all events, that both parties put the same interpretation on the contract, and that, therefore, they arrived at the same conclusion. That is what I wanted to imply.

707. They simply adopted the same method?—Yes.

708. You have the power of purchasing these other lines, and it gives you an opportunity, if you put this interpretation on the contract which you have done there, of really obtaining these lines at what everyone would admit would be a very unfair price to the companies; because, for instance, suppose in the loan which you contemplate to raise, instead of raising a 4 per cent. loan at par, you did what some financial authorities have suggested, raised a 3 per cent. loan at 75, which would come to practically the same thing; by simply adopting that different method of account, you would reduce the rate of interest from 4 l. 6 s. for the next railway you purchased, to considerably below 4 l., and you would then manifestly pay less for the railway than was equitably contemplated, and this you could do by putting the exact interpretation on the clause which you and the company have put?—If a step such as that were taken with the view of

Mr. Fawcett—continued.

buying railways cheap, I think it would be a very discreditable transaction, but the question is whether you are to go into the money market upon the most advantageous terms that you can find, and that I think was meant. I am bound to say, if you ask me about the contract, I think the contract extremely ill-drawn, and it is a great pity that it was put in terms which should be in the least ambiguous; but there it is, and we are obliged to make the best of it, and so also with the other railways, we shall have to act upon the contracts that have been made with them to the best of our ability. My own impression upon this contract is that if it had run out, the difficulties of acting under it would have been almost insuperable, and that that was one of the great reasons why it was most desirable to come to a conclusion at once and bargain with the company. In bargaining, when you come to a bargain, it is a question of give and take, to a certain extent, so long as you can do so with justice, and I cannot say that in my opinion the company has got any undue advantage. That is shown, I think, by the price of the shares. The company's shares being at a certain price through all these transactions, seems to me to imply that they get neither more nor less than is fair.

709. But that is not a conclusive test, because the investing public may place a price upon what they consider to be the bargain they get out of the Government. You speak of give and take; could you point me to anything, reading it as a financial transaction, in which the Government of India has not given something, and where has the company given anything on the other hand?—In the first place the company, coming to an arrangement with us before the time, with the power which they would have had of, to a certain extent, putting the screw upon us, and seeing that we could not act under it, and also taking the Jubbulpore line four years before the time, so as to give us complete control, in that way I think they gave something to a certain extent, and assisted us in coming to a conclusion.

710. I am not supposing that you raised a 3 per cent. loan in order to injure the railways, but suppose, for financial reasons which I need not enter into (it has been suggested by some high financial authorities), it would be desirable to raise a 3 per cent. loan instead of 4; suppose you did that, if you followed what you say you consider to be the legal interpretation of the contract now, you would be bound in all future purchases of these railways to bring out the rate of interest considerably below 4 per cent. I simply mention that to show that the interpretation which you have put on the terms of the contract cannot have been the one that was intended?—What people intended we really cannot say. I quite admit they have not expressed their intentions in such a way that I can be perfectly certain of what they were. Suppose the occurrence to take place which you have suggested, and that the contract was in the same shape as this contract, and therefore might lead, as you say, to cruel consequences to these railways; the thing to do would be, as we have done in this instance, to bargain beforehand and settle with them upon equitable terms.

711. If you contend that, considering all the circumstances of the case, 4 l. 6 s. was a fair and equitable rate of interest to pay, of course, it seems

Mr. Fawcett—continued.

seems to me, it can be argued from that point of view; but as I understand that rate of interest of 4 l. 6 s. has been arrived at by placing what you consider is the interpretation which ought to be placed on this contract. Therefore as all the other contracts, I believe, contain practically the same words, it may bind all the other purchases in calculating the rate of interest?—It cannot bind them, because it was not done upon the contract. We chose to accept a particular form, and the company was ready to adopt that interpretation the same as ourselves. But suppose the other companies should dispute that interpretation, or should say that it would act very unfairly, it would then be a ground for their bargaining in a different manner from what this company has done.

712. Do you think you were bound to consult the Governor and the Deputy Governor of the Bank of England?—Not as to their decision in any way. I take it that the Governor and Deputy Governor of the Bank of England are put there simply as persons who are acquainted with the ordinary course of the money market, and you refer to them as authoritative persons upon this subject, but not to decide. They are simply there to say what has been a particular rate of interest during a certain period, and they have records which enable them to do it. That is the reason they are put forward; not as arbitrators in any sense of the word.

713. Do not you think that simply to get information, by the terms of this contract, they ought to have been referred to?—No certainly not, when you are only using the contract as a guide. If you were using it as the contract itself, of course they would have been referred to, but you could not have referred to them because the circumstances had not happened which were to enable them to give their judgment as to what the rate of interest had been. It could not have been done until the 31st December in this year, and the contract makes the impossible condition that you take possession of the railway on the 1st of January in the next.

714. Why is that impossible?—It seems to me that you could not possibly get hold of the Governor and Deputy Governor of the Bank of England the last thing at night on the 31st of December, and make your arrangement as to what you were to do the next morning.

715. You could ascertain from them, if they are to be referred to, on what principle this interest should be calculated?—I do not think they had anything to do with the question of principle. They had nothing to do with anything but the fact. They had to see what was the rate of interest on obligations of the East Indian Company in London. It was a simple piece of inquiry. They were taken as the referees, as being at the head of the monetary world.

716. Have not they been applied to in an unofficial sense?—I believe they have been spoken to.

717. Have they furnished those returns?—We have not any returns, nor have I seen any from the Governor or Deputy Governor.

718. When you say "communicated with," were they communicated with by some people connected with the India Office?—Only in conversation, as I understand. They have been met and talked to about this, and that is all I know

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Mr. Fawcett—continued.

about it. They have never been called in in any sense.

719. They have expressed an opinion, have not they, whatever it may be worth, as to what rate of interest should have been paid under this clause?—I cannot say. I should be sorry to repeat a mere hearsay account of what has been said either by one or the other. I believe there are as many opinions almost as there are words in the latter part of that contract as to the exact meaning of it, but that is a question by the way. I do not think they had anything to do with interpretation.

720. Then, again, paying for this railway 125 l., instead of the price, according to the contract, of 124 l. 3 s.; that was a part of the general arrangement to get the company to come in?—Yes; I think it was not an unreasonable arrangement. I think it was liberal, but I do not think it was at all extravagant.

721. Do you consider there is any difficulty in the way of securing management; as I understand, up to the present time nearly half the capital which has been spent upon this railway has been raised in England, and therefore, having a board of directors here, you had a Board on the spot to administer a very considerable portion of the whole expenditure, but you will now have a Board administering an expenditure which is going on thousands of miles away from where they are?—I presume they will conduct it very much in the same way as they have done before. I do not anticipate that they, undertaking it, would suppose that there was anything beyond their reach under the circumstances of their representing a one-fifth, than what there was when they represented the whole.

722. As a matter of fact, of course as this railway has been to a great extent completed, and during its completion a large portion of the expenditure was going on in this country (I think 45 per cent. is shown), there was this advantage in having the board of management in London instead of in India, that you had a Board on the spot where a considerable portion of the expenditure was being carried on; but if the capital account has been to a great extent closed, you will have a Board thousands of miles away from where the chief part of the expenditure is being carried on?—The ground on which the London Board was preferred was not only the general one of the advantage of commercial management, but the special one of the extremely good management of the Railway by this Board in London; it was not because it managed the financial affairs in London, but because the management of the railway itself, and the way in which it was conducted, and the success of it, showed us that it was in good hands, and it was very desirable to keep it there.

723. Did that good management to which you refer exist when the company had not acting upon them, as it were, the powerful feeling of self-interest; the management of the company was not good up to 1869, was it?—I really cannot go into that detail; I have no means of knowing; but I know that taking the management of the company as a whole, everybody has informed me who has been connected with the subject, that it has been so extremely good, and, in fact, it has been so admittedly good, that that was one of the great elements which caused the determination, if possible, to secure the same management in the future.

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724. Has

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724. Has your attention ever been called to certain official statements which were made on the responsibility of the Governor General of India, Lord Mayo, and of his Council, as to the great waste that there was on this line in its construction?—I do not recall the exact time at which that was said.

725. In 1869?—There was an expression of opinion that there had been a too great outlay upon it.

726. But more than that, great waste and extravagance?—No, I do not remember that.

727. I would recall your attention to it, and I will ask you, if you will look at it, whether you think there could be stronger language. If you look at that you will see the management has not been uniformly good, at any rate?—"The East Indian Railway cost far more, if not twice as much, as it ought to have cost; enormous sums were lavished, and the contractors had no motive whatever for economy; all the money came from the English capitalist, and so long as he was guaranteed 5 per cent. on the revenues of India it was immaterial to him whether the funds that he lent were thrown into the Hooghly, or converted into bricks and mortar."

728. That is Mr. Massey's evidence. There is a quotation afterwards from Lord Mayo?—"In a despatch from Lord Mayo, and the other members in the Indian Government, dated 11th March 1869, he says, speaking of the general subject (the operation of the railways in India): 'On this important question we cannot do better than follow the general scope of Sir John Lawrence's argument;' and then he quotes the following words from Sir John Lawrence: 'The history of the actual operations of railway companies in India gives illustrations of management as bad and extravagant as anything that the strongest opponent of Government agency could suggest as likely to result from that system.' After quoting these lines from Sir John Lawrence, he says, 'We assent to these views, and to the arguments on which they are based. The signers of this despatch are Lord Mayo, W. H. Mansfield (afterwards Lord Sandhurst), G. N. Taylor, H. M. Durand, H. S. Maine, John Strachey, R. Temple.'" I do not think that alters the opinion which I expressed, that the extravagance was in the outlay upon the railway, and, of course, where you have a guarantee of 5 per cent. without very strict supervision upon what is expended, the tendency would be, no doubt, to increase the outlay with a view of getting 5 per cent. upon it, or at least to be careless on the subject.

729. Does not it show that as long as you have not, as I used the expression, a feeling of self-interest, you have this, what you say yourself is extravagance and carelessness; as long as the feeling of self-interest comes in to prevent it, you have a security against that?—Yes, but I cannot conceive a stronger self-interest than this fifth will have to raise their dividends.

730. As long as the railway pays; but supposing the decline which is noticed in this year's Budget on the Indian Railways should continue, and supposing a feeling should spread that the railways do not pay, then there will be no more motive for activity and carefulness than there was before 1869; the whole thing depends on the railway company being prosperous and the shareholders obtaining some extra profits?—

Mr. Fawcett—continued.

Well, of course, if I am to assume that the railway does not pay I must come to different conclusions; I should then have not entered into this arrangement at all; but my conviction is, that this great arterial line has begun to pay in a way that, taking the average of years, it is perfectly certain to increase in payment. Besides that, what the Marquis of Salisbury has spoken of, the additional numbers of branch lines which will be continually feeding it, must inevitably tend to bring upon it a larger amount of traffic and larger returns. I quite admit that there will be exceptional years of depression. There are in England, but it would be absurd for me to suppose that the London and North Western would cease to be an advantageous line altogether because it has, in a period of great commercial depression, not so large a return as it had in other years.

731. No one, as far as I have been able to discover, even anticipated or thought it was possible that the guaranteed railways would show such a falling off in their returns as it is stated in the Budget is expected during the present year?—Well I confess I am not surprised. India has gone through a series of calamities which have no doubt depressed her trade, and prevented, to a great extent, the moving to and fro which there would otherwise have been on the railways, and it is so exceptional that though there might be a great falling off this year, we should not in the least think it an indication of what was the natural tendency of these railway lines. Some of them I daresay never will pay very highly, but this is a special railway, which I feel certain, as certain as I can be of anything human, will pay largely.

732. I think I may draw this general conclusion from your evidence: the advantages which are attributed to the management depend a good deal on the assumption that it will pay?—Certainly, the assumption that it will pay is at the foundation of the purchase. If we had thought that it would not pay of course we should have left it in the hands of the company, though there might have been great disadvantages. I would just call attention to one subject which I think Lord Salisbury did not mention. Supposing this railway to pay very well for a certain number of years, and to pay off the money we have advanced, it would go on then without giving us anything. We should not get the slightest return from it at all, and, therefore, there is a great inducement for us to take it into our hands at this moment in order that we may secure, during the whole period for which otherwise it might have run in other hands without giving us anything, a fair return upon the great outlay which we have made and the guarantee we have given.

733. There would be almost the greater reason why the Government should have bought it if it did not pay than if it did pay. If it did not pay you would still have been bound to pay your 5 per cent. You would be paying 5 per cent. to make up the deficiency to a line from which every motive of good management was gone. Therefore, supposing the line did not pay, there would be quite as strong an inducement, on financial grounds, for the Government to take it, considering they had a perpetual guarantee of 5 per cent.?—At a certain time it must have come into our hands. The answer to your question

Mr. Fawcett—continued.

question is dependent on the money markets, whether you can raise your money on such reasonable terms, or on so large a scale, as to make it more advantageous for you, under those circumstances, to do it. It might be so, or it might not.

734. Looking upon it as a financial transaction, have you calculated the difference between purchasing this railway by a lump sum and paying an annuity. Suppose the raising of this loan affected the rate of interest considerably, we will say a quarter per cent. If you bought it and had to borrow the money at $4\frac{1}{2}$ per cent., I reckon it would cost the revenues of India something like two millions less than you are going to pay for it?—I have not made that calculation.

735. The calculation is very simple, and you will see it at once. I suppose you could have borrowed the money at 4 per cent. You would then have had to have paid on 125 l., 5 l. a year. With a sinking fund of 6 s. you would have been able to recoup yourself the loan at the end of 75 years; you would have had to pay an annuity of 5 l. 6 s. a year for 75 years instead of what you are going to pay, 5 l. 12 s. 6 d., and the difference in the annual payment of 6 s. 6 d. on this large sum represents more than two and a-half millions?—Yes, I daresay that is an accurate calculation arithmetically.

Chairman.

736. That is assuming you could raise thirty-two millions at 4 per cent.?—Yes.

Mr. Fawcett.

737. It is obvious there would have been a considerable saving if it had been raised at $4\frac{1}{2}$ per cent.?—Yes.

738. What was the reason that induced them to accede on the annuity instead of the loan. Was it simply on the ground that it affected the money market?—On financial grounds. Those who were most acquainted with it were of opinion that a large loan this year, and so large a loan as would be necessary next year, for the purpose of paying off seventeen millions, would have disturbed the money market so much that it would have been very disadvantageous to us to attempt it.

Mr. Muntz.

739. Mr. Fawcett put a question to you as to additional capital that might be required, and as to whether the shareholders of the new company would have a right to their fifth of the surplus profits beyond 5 per cent. I think that is understood in the agreement, is it not, or was it doubtful in your mind?—I have not considered the question of, if the Government advanced money without any conditions, what arrangements would be made about it; but I said I assume that supposing it were to be spent without conditions upon the line, of course they would get the advantage of the profit upon it.

740. Would you see any justifiable grounds why they should have that profit upon the additional capital, supposing it were laid out?—These things are all put upon assumptions which I do not think are in the least likely to happen. An outlay of ten millions upon the line is like making a new line, and the Government would have it in its own hands to make conditions. Therefore I assume that if the Government were going to lay out money without calling upon this

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Mr. Muntz—continued.

company to raise any part of it, they would take very good care that they secured to themselves the profit upon that.

741. Do you see any objection to a clause in the Act providing for such an emergency?—I think you may very safely leave the Government to take care of itself with regard to such matters as that.

742. As to the purchase, as I understand your answer to the Chairman, the purchase is not made on the contract, but merely taking the contract as the basis of the purchase?—Yes, and as a guide.

743. So that the provisions of the contract have not been strictly adhered to?—No.

744. Had they been strictly adhered to, according to the 20th clause, at the end of the 99 years there would have been no payment whatever to the company?—In a sense; but you must remember that the company has the power of forcing the purchase upon you up to the end of the 99th year; and I think very little of a company that would allow itself to sink out of existence for nothing when it could get paid.

745. In that case they would only have been able to enforce the 100 l. instead of 125 l.?—That is true. Then you would have had to make a very large payment.

746. At the rate of 100 l. instead of 125 l.?—Yes.

747. In the meantime you are only liable for the 5 per cent. guaranteed by the Indian Government?—Yes; but in the meantime now we are to get four-fifths of the profits, which I believe are very increasing profits.

748. That is rather a commercial speculation, is it not?—Yes. I suppose the Government of India in those times made this arrangement with a view to taking advantage of these commercial speculations if they thought they could get money out of them.

Mr. Campbell-Bannerman.

749. As to the question of additional capital expenditure: take the case, for instance, which Lord Salisbury has alluded to of making branches; supposing the Government think it desirable to make a branch which, as we have been very truly told to-day, is a costly thing in itself, but increases the profits on the line; the capital expended upon that branch would be a charge upon the Government?—Yes.

750. But the one-fifth shareholders would get the full advantage of the increased prosperity of the line?—Yes; I think in that case they certainly would. Mr. Fawcett put it to me as to expenditure upon the line itself.

751. This is the development of the line?—In a sense it is, but then the Government would think it worth its while to incur expenditure on a branch line with a view to secure the four-fifths of the profits that it brought on to the main line, and of course this company would get that advantage; but you must always remember that this is not a permanent agreement which they are entering into with the company, and if conditions should change in the course of a certain number of years, you then have the power of giving them notice and making a new arrangement.

752. In the meantime, however, on the principle (which we are told is of some value) of *beati possidentes*, they would be in the happy position of having

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Mr. Campbell-Bannerman—continued.

having this arrangement, and it might be difficult for the Government to disturb them?—Yes, there is no doubt there would be inconvenience and difficulty, but if it were a thing that really weighed against the Government, the Government would meet those difficulties and inconveniences in justice to themselves and in justice to the people of India, who are to get the benefit of whatever accrues of the four-fifths.

753. I understand that it is quite acknowledged that the bargain was made practically independently of the contract?—Certainly, the contract being treated as a sort of general basis; and the company being ready to come in with their Jubulpore line, and in every way to facilitate these negotiations, we did it in a friendly manner instead of an adverse manner, which we might have been driven into, and with the greatest possible difficulties under the contract itself.

754. It is also acknowledged that better terms are given to them in several respects; that where a doubt exists the benefit of the doubt, to put it even in that mild way, is given to them as an inducement to them to enter into this new arrangement?—I do not think that the thing was considered in that way at all. What really happened was this: the two parties met by representatives, and they discussed the matter among themselves. There was the question, which, of course, the chairman of the company would have to submit to his shareholders, whether he had their authority to accept certain terms. It was therefore, of course, to a certain extent necessary that where you were bargaining, and not having power to enforce anything, that the terms should be of such a character as the shareholders would be likely at once to accept, and they did accept them; and it seems to me that all that has passed about this tends to show that nothing excessive was given, but that it was a fair bargain.

755. "Excessive" is a word involving a matter of opinion. Undoubtedly it was excessive in this sense, as being in excess of the contract terms in one or two particulars?—It depends upon the interpretation.

756. The 125 l., for instance?—That appears upon the calculations to be rather more than they would have got by the specific terms; but as to the annuity, I am not at all sure that under the contract that was not the meaning of it. On the contrary, I think, on the whole, it was.

757. Is there not, at all events, a little apparent inconsistency in the assumption, that receiving one-fifth of the profit was not in itself a sufficient inducement for them to continue their connection with the line, and yet at the same time that one-fifth is a sufficient substantial interest to ensure their employing every effort in the management?—Yes; but if you remember, under the old circumstances they had the whole of the capital, and they have now, you may say, almost as great an interest upon their smaller capital as they had before. They will get a great deal if this line answers, as is supposed; they have the guarantee for ever, and to a certain extent, they will be very well paid.

758. As I understand, it has not yet been settled what representation the Government is to have on the Board of Directors?—Not absolutely.

759. It will, of course, be a larger representation than before?—Yes; I should assume it would be rather more representative, but really it will

Mr. Campbell-Bannerman—continued.

be, I presume, through the definite arrangements, which will be laid down principally in writing, that you will have control.

760. Shall we not know that before we proceed to consider the Bill?—My impression is that that is not a question as to the Bill. The question really is, whether you assent to the Government of India taking the railway generally upon those terms, and then arranging for the management of it, subject to the general principle upon which this is fixed, namely, as to the payment.

761. Do not these contracts, as they are called, in some respects involve points which enter into the question of the terms?—I should not have said so; I think they are details; the main point is, that the company will manage; that the company will get a certain profit, and that they will be under the general control of the Government under such arrangements as shall be made by the Government with them outside.

Mr. Grantham.

762. A great many questions have been asked you as to the right of the company to participate in the future profits on future capital that is expended. Does not sub-section 3 of clause 22, specially refer to that, and give the right to the Government to make further arrangements as it may think desirable?—This refers to capital raised by the company. The question Mr. Fawcett put to me was as to money found by the Government. This sub-section is as to the raising of money by the company, which is a totally different thing.

763. Surely it is a matter for the Government to determine as to whether they will raise the money, or whether the company shall raise the money. If the Government find it more desirable that the company should raise the money under this section; and by this section, they have the power to determine whether the company shall participate in the profits or not, they can do so?—As I understand this section, there is a power to conclude with the Secretary of State contracts for the following purposes, and under sub-section E., the contract which the company may make with the Secretary of State is, with respect to the raising of fresh capital, that is by themselves, and the terms upon which they shall do it, whether with or without the guarantee of the Secretary of State, and whether with or without the right to participate in profits, and so on. That is not what Mr. Fawcett asked me, but it was assuming the Government of India to find the money themselves and spend it upon the line, whether in that case the company would necessarily have a share in the profits. My opinion is, that that would be a question for the Government to settle with the company when they were arranging how the money should be raised.

764. If you look at sub-section D., the immediately preceding section, it seems that those who prepared this Bill assumed that the railway would be enlarged or improved by capital raised in that way; it is for "the improving and enlarging the undertaking of the company; the constructing deviation or auxiliary railways and other works connected therewith; the constructing new railways in India, and the working, managing, and maintaining as well of such railways as any railways in India constructed or to be constructed by the Secretary of State, or by any

Mr. Grantham—continued.

any other persons or companies;" then comes sub-section E., which states that the Government are to have the right to settle whether the company shall participate in the profits of the future capital which they raise; does not that show that the Government have the entire control?—No, I take it the question there is as to the company raising the capital; whether the Secretary of State shall participate in the profits on their capital. Sub-section E. is that whenever money is raised by the company, the Secretary of State shall agree with them as to the terms and conditions upon which it shall be employed.

765. In fact, it is all open to contract?—Yes, certainly; and that is what I assume would be the case in the other event.

766. Do you not think it is desirable that a power should be left in the hands of the Government for the time being, to make such arrangements as to the Government may seem desirable?—Certainly.

767. Do you think it possible that any Committee, or any one now arranging as to the existing terms, could arrange terms satisfactory for all time in the future?—No; I think they must leave it to the interests of the two parties.

768. With regard to the effect of this arrangement on the future company that is to be constituted, Mr. Fawcett has put it to you that as in the past they were extravagant when they had a guarantee of 5 per cent., are they not likely to be extravagant in the future when they have a guarantee still subsisting; is that correct? Under this arrangement, as far as I understand it, that 5 per cent guarantee is at an end?—Yes.

769. And consequently, the future company, which is entitled to one-fifth of the surplus profits, will only be entitled to a fixed 4 per cent., and will trust entirely for the profit above that to its management of the line?—Yes.

770. Therefore it loses 10 s. per cent. as compared with the other shareholders who do not form the new company; they got a fixed 4 l. 10 s., whereas the new company only gets 4 l., and therefore it will be directly to their interest to manage the line properly?—They have a very large interest in working the line profitably.

771. With reference to the future capital that may be raised even by the Government, the new company would only get one-fifth of the surplus profit after paying the whole of the interest which would have to be paid for the new capital?—Just so.

772. It is not that they would get a share of the profits on the capital in the first instance; the whole of the interest of 4 per cent. or 5 per cent. would have to be paid first of all, and they would only get their share of the surplus profits?—Yes.

773. With reference to the question put by

Mr. Grantham—continued.

Mr. Muntz as to the end of the term of 99 years, you think it is desirable that the Government should buy now at 125 l., rather than wait for 75 years for the purpose of buying at 100 l.?—Certainly I do; that was fully taken into consideration.

Sir Henry Peek.

774. I will ask you the same question as I asked Lord Salisbury: you are perfectly satisfied that on every public ground it is desirable that the state should take this, the first opportunity, to acquire the property?—Certainly.

775. And you believe that no contract could have been carried out strictly on the black and white lines of the preceding contracts?—It would have been extremely difficult.

776. Impossible, do you think?—Almost impossible.

Mr. Hubbard.

777. The financial statement which has been transmitted to this country from Calcutta, dated March last, contains a statement of the rate of interest payable on the whole debt of India during the last two years, that is to say 4·45 for the last year, and the year before that 4·53, making together 8·98, or, upon an average, 4·49, as nearly as possible 4½ per cent.?—Yes.

778. We learn from the telegrams (for I believe the full information has not yet come) that a loan of four or five crores of rupees has recently been made in Calcutta, that it was contracted on 4½ per cent. stock at 94 l., which therefore makes a rate of interest of, as nearly as possible, 4½ per cent.?—Yes.

779. In the face of those pieces of information with reference to the actual interest of the debt of India, does it not appear that 4 l. 6 s., taken as the rate at which the annuity is to be calculated in discharge of the debt of 32 millions for the purchase of the East Indian Railway, is very far indeed from being an unreasonable one as regards the Government?—It strikes me as a strong confirmation of the fairness of those terms.

Mr. Fawcett.

780. But that is on the debt of India?—Quite true, but still it is as to the general interest on Indian obligations, and that is much higher than 4 l. 6 s.; I am only saying it is confirmatory; I say no more.

781. The words of the contract are, "On the obligations of the Indian Government in England"?—Distinctly.

782. And the four per cents. are about par?—Yes; but at the same time, if these figures were taken, which I am not taking as a rule at all, but I am only saying they are confirmatory as to the fairness of what was taken on the whole, they would have brought it up to very nearly 4½ per cent.

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Friday, 23rd May 1879.

MEMBERS PRESENT:

Mr. Campbell-Bannerman.
Mr. Fawcett.
Mr. Grantham.
Lord George Hamilton.

Mr. Hubbard.
Mr. Muntz.
Sir Henry Peek.

LORD GEORGE HAMILTON, IN THE CHAIR.

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of the Bill were proceeded with.

On Clause 5.

Mr. ROBERT WIGRAM CRAWFORD, re-called; and further Examined.

Mr.
Crawford.

Mr. Round.

783. WILL you tell the Committee whether there is any unexhausted power of raising capital under those debenture contracts of the present company?—There is no unexhausted power.

784. The whole of the money then, we understand, has been raised?—The whole of the money which the Government undertook in those contracts to guarantee has been raised.

Mr. Fawcett.

785. Then, if this purchase did not take place, supposing the company had continued as it is now, under those contracts which are specified in Clause 5, it would have been impossible for the company to have raised any more money?—It would.

The Clauses of the Bill were further proceeded with.

On Clause 5a.

Chairman.

786. Clause 5a is, "From and after the 31st day of December 1879 the Secretary of State shall be bound to indemnify the company against all such debts and liabilities, if any, as they may have incurred to or with the sanction of the East India Company or of the Secretary of State, save and except any debt or liability in respect of the unclaimed interest and dividend mentioned in the Schedule of this Act annexed." What is meant by these words, "debts and liabilities, if any, as they may have incurred to or with the sanction of the East India Company or of the Secretary of State"?—It is rather difficult for me to define what the meaning of the words "debts and liabilities" is, because they are words taken from the old contracts, as Mr. M'Naghten stated. I can explain to the Committee the process of buying and selling so as to show that no debt really of any amount remains. We buy nothing whatever in this country for the service of the railway in India excepting under what is

Chairman—continued.

termed an indent, that is to say, a requisition upon the Board in London to purchase these goods, that requisition having come home with the sanction of the authorities in India, and it is not acted upon at the Board here without the sanction of the Government director present at the time. The goods are purchased, and they are shipped; there is no credit whatever given; as soon as they are shipped the person who supplies the goods comes for his money, and we apply to the Secretary of State for the money with the vouchers showing the transaction. The money is released to us at the Bank of England, and we pay the teller; and these transactions are never extended over any length of time, because there is another party to them, that is the seller of the goods, who wants his money. Practically there is never any outstanding amount of debt or obligation of the company in respect of anything bought; the transaction is closed unless there is a dispute, which is not very frequent.

Mr. Muntz.

787. You are aware that in the general statements of the large railway companies in England, there is one item which always appears as "accounts owing"?—Yes.

788. Then you have no such item in your accounts?—Yes, we have; at the end of the annual statement there is shown an account of the sums owing, but they are generally of a very insignificant character.

789. What are they?—If we bought copper we should perhaps have contracted for the copper, and the copper might not have been delivered to us, and it would have been a liability. If the copper had been delivered to us and it had not been paid for, it would have been a sum due to the person who supplied the copper.

790. If it were merely a contract for delivery, then the asset would be there in the shape of copper?—Precisely so. I can assure the Committee that in the practical working of the company

Mr Muntz—continued.

pany there is nothing that need give them the least anxiety with regard to any interpretation that might be put upon those words.

Mr. Fawcett.

791. You do not think that this clause would give the company any claim upon the Government practically, except with regard to debentures?—No, it would give the company no claim whatever upon the Government, unless the time came when one of these debentures, or series of debentures, fell due, which the company being themselves not in a position to pay it, the debtor would have to go to the Government for the means to provide it.

792. Then you consider that this clause practically, simply refers to the debenture debt?—As regards the word “liabilities.”

The Clauses of the Bill were further proceeded with.

On Clause 8a.

Chairman.

793. Perhaps you will explain your course of procedure with reference to this matter?—On the half-yearly day we apply to the Secretary of State for the money then due under his guarantee. He gives us a warrant payable at the Bank of England, and we distribute the money to the shareholders thus made available to us.

794. But there is this peculiarity about certain of the proposed arrangements in this Bill, that the chairman of the company and certain other individuals have the power of investing a certain portion of this annuity in certain funds. Now, supposing that any portion of this annuity so invested did not realise the amount contemplated, against whom would the annuitant bring an action?—I cannot tell. That is a legal question; but that does not arise under this clause.

795. But under this clause the Secretary of State pays certain sums to the company. By subsequent clauses certain persons nominated by the company have the power of investing a certain portion of this annuity in certain funds. All I want to be perfectly satisfied of is, that the liability of the Secretary of State ceases from the moment he has paid this annuity?—Entirely; so I am told.

Chairman—continued.

796. In fact, the receipt of the company, or the voucher of the company, would free him from his liability?—The concluding words of the clause are in restraint of the action of the directors.

The Clauses of the Bill were further proceeded with.

On Clause 12.

797. What does the annuity of 1 l. mean; that he is entitled to receive 1 l. a year?—The meaning of the clause is that no person shall be entitled to transfer, by sale or otherwise, a smaller amount than 1 l. It would be manifestly very inconvenient if a smaller sum than 1 l. could be transferred.

798. It means 1 l. of capital?—No, 1 l. of annuity; the equivalent of 25 l. capital.

The Clauses of the Bill were further proceeded with.

On Sub-section C. of Clause 22.

Mr. Fawcett.

799. As far as we know, the number of directors which represents the company is not limited, is it. I mean, is there any arrangement which now limits the number of the unofficial directors of the company under the present Bill, or is that left to subsequent arrangement between the Secretary of State and the company?—That I cannot answer you; under the present contract the Secretary of State is represented by one director only.

800. What I want to know is this: under the existing contract is the number of unofficial directors limited or defined?—Yes, it is limited.

801. Are there six or five?—The number was originally fixed at 18, with power at an extraordinary meeting to vary it so as not to exceed 24, nor to be reduced below 12. Subsequently the proprietors were authorised at any general meeting to alter and vary the number of directors, so that the same shall not be reduced below six, nor increased beyond 18; that is as to the unofficial directors.

802. What is the number of directors now?—Seven, and an official director.

[The further consideration of Sub-section C. was then postponed.

Mr.
Crawford.
23 May
1879.

Tuesday, 27th May 1879.

MEMBERS PRESENT:

Mr. Campbell-Bannerman.	Mr. Hubbard.
Mr. Fawcett.	Mr. Muntz.
Lord George Hamilton.	Sir Henry Peek.

LORD GEORGE HAMILTON, IN THE CHAIR.

27 May
1879.

The Clauses were proceeded with; Clause 22 being postponed.

On Clause 39 a.

Mr. ROBERT WIGRAM CRAWFORD, re-called; and further Examined.

Chairman.

Mr.
Crawford.

803. WILL you state what number of individuals who would be entitled to annuities have accepted the proposal of the Secretary of State, to accept 4 per Cent. Stock in place of their annuities, and the amount of annuities which they propose to exchange?—Yesterday, the 26th of May, was the last day upon which applications could be received in accordance with the terms of the letter from the India Office of the 26th of February, offering the shareholders the option of taking this stock. Up to yesterday evening 2,487 proprietors have agreed to commute their capital, amounting to 3,594,700*l.*, into 4,482,750*l.* 10*s.* of Government 4 per Cent. Stock. I may

Chairman—continued.

add that one or two applications have, I believe, been received to-day; but it will be entirely within the discretion of the Secretary of State to allow them to come in. The time having passed for the sending in of applications, the company cannot record the applications; all they can do is to pass them on to the Government to deal with as they please.

804. (Mr. *M'Naghten.*) Do the figures which you have given comprise responses from shareholders in India as well as in England?—Yes; 22 shareholders in India have applied for 5,775*l.* India Stock, and 21,375 rupee paper.

The Clauses were further proceeded with.

On the Schedule.

Mr. JULAND DANVERS and Mr. ROBERT WIGRAM CRAWFORD, re-called; and further Examined.

Chairman.

Mr. Danvers
and Mr.
Crawford.

805. (To Mr. *Danvers.*) IN this Schedule there are six different descriptions of property not included in the terms of the purchase, the last four evidently belonging to the company, as they are sums representing unclaimed or forfeited shares. As regards the first sub-section, can you inform the Committee why the buildings, workshops, fixtures, machinery, and plant of certain coal-fields are excluded from the purchase?—Because they were paid for out of monies which were due to the company under the contract, out of surplus profits.

806. (Mr. *M'Naghten.*) Are you acquainted with the lease of the Kurhurballee and Serampore coalfields?—Yes.

807. Is that the lease (*handing a paper to the Witness*)?—Yes.

808. What is the date of it?—The 10th of July 1874.

809. Is there this provision in it, that if the contract is determined by the Secretary of State

Chairman—continued.

purchasing the undertaking, he shall be bound to pay for the plant and buildings upon the coal-fields?—There is.

810. There is also a contemporaneous agreement providing for capital to work the coalfields?—Yes.

811. That agreement provides that a sum of 25,000*l.* should be advanced by the Government in the first instance, and should be repaid by the company out of revenue?—Quite so.

812. Did the Government advance that money?—Yes.

813. And has it been repaid out of revenue?—Yes, it has.

814. I understand that it has been repaid out of revenue in years during which the company and the Government shared the surplus profits?—That is so.

815. Then can you explain why it is that the Government claim a share of the proceeds of the value of the buildings upon Kurhurballee?—
Because

Chairman—continued.

Because the money was contributed by the Government out of funds over which they had exclusive right and control.

816. Under the lease the Government would be bound to pay for the whole of the buildings, workshops, fixtures, machinery, and plant, on Kurhurballee; but they claimed as against the company to be entitled to a share of that value which represented surplus profits, which otherwise would have gone into their pocket?—Quite so.

Sir Henry Peck.

817. Were they to pay the cost price of all these buildings?—No, it is at a valuation. In the lease it is provided that if the lease is determined by the Government purchasing the railway, the buildings, workshops, fixtures, machinery, and plant then standing, or being upon or in the said land, shall be taken by the lessors (the Government), their successors and assigns, at a valuation.

818. (Mr. *M'Naghten*.) By arbitration?—Yes.

Sir Henry Peck.

819. Does it state what the arbitration is?—(Mr. *M'Naghten*.) It is the ordinary clause. As to Serampore and Kurhurballee they have always been worked as one concern, and there was a question between the company and the Government as to whether the company were not entitled to the value of the Serampore lease, which they did not take from the Government, but directly from the Indian proprietor; and there was some controversy and difference of opinion between the advisers of the company and the advisers of the Government; but ultimately an arrangement was made that Serampore, which was part of one concern with Kurhurballee, should be treated exactly as Kurhurballee was treated; that the Government should have the

Sir Henry Peck—continued.

benefit of the Serampore lease, and in respect of the plant on Serampore, that it should be dealt with exactly in the same way as the plant in Kurhurballee.

820. (To Mr. *Crawford*.) With regard to the insurance fund, will you explain that?—Some years ago it was considered desirable to provide a fund out of which the current losses sustained by fire might be paid, so as not to leave the burden of any very large loss to be borne by any particular half year. An arrangement was made by which the sum of 3,000 *l.* was to be charged to working expenses and credited to the insurance account every half year; that deduction was made for 24 half years, consequently the sum of 72,000 *l.* was accumulated, and that amount being invested there was a further sum received for interest. Certain losses took place, and an amount still remains upon the account amounting to 51,169 *l.* 5 *s.* 4 *d.*, which has not been appropriated up to this time. That contribution of 3,000 *l.* every half year having been taken out of the working expenses of the company, it is apparent that if that deduction had not been made, the profit divided between the shareholders and the Government would, in what we call the surplus half years, have been larger. We contend that we are entitled, therefore, to one-half of that amount so raised remaining in the hands of the Government, deducting, of course, from that sum, those half years wherein the Government had to make up the guaranteed interest to 5 per cent. The result is that a balance remains of 18,452 *l.* 8 *s.* 1 *d.*; half of that will come back, under this arrangement, to the company, provided that there are no losses incurred between this time and the 31st of December next.

The Schedule was agreed to.

Mr. Danvers
and *Mr.*
Crawford.
27 May
1879.

Wednesday, 11th June 1879.

MEMBERS PRESENT:

Mr. Campbell-Bannerman.
Mr. Fawcett.
Mr. Grantham.
Lord George Hamilton.

Mr. Hubbard.
Mr. Muntz.
Sir Henry Peek.

LORD GEORGE HAMILTON, IN THE CHAIR.

On Clause 3, Rider B.

Mr. ROBERT WIGRAM CRAWFORD, re-called; and further Examined.

Mr.
Crawford.
11 June
1879.

Mr. Muntz.

821. THE Committee wish to know whether the rider B, page 18, containing the words "and all other the property of the company save and accept the property mentioned in the Schedule to this Act annexed," includes the Telegraphs

Mr. Muntz—continued.

and the other property mentioned in Clause No. 2?—It does.

The consideration of the Clause was proceeded with.

On Clause 22.

Mr. JULAND DANVERS, re-called; and further Examined.

Mr.
Danvers.

Chairman.

822. THE Committee are anxious to have a little information as to what the existing practice is at boards of guaranteed companies; I believe that very stringent regulations have been laid down as to what may be charged to revenue and what to capital account?—There have.

823. And, I suppose, that no deviation from those rules is allowed except with the sanction of the India Office?—No.

824. And is there more than the sanction of the Government director at the board necessary for any deviation from these rules?—Certainly.

825. The proposition must be laid officially before the India Office, and the Secretary of State in Council must give his assent before any deviation can be allowed from the rules laid down?—Yes; the Government director has no power whatever, either to allow expenditure to be incurred before it has been sanctioned by the Government, or to prevent its being incurred if the Government has sanctioned it.

826. Therefore the Government director's main business is to see that the rules and regulations laid down by the Secretary of State for India in Council are complied with?—Yes; his duty is to see that all regulations and rules that have been laid down for the guidance of the company are observed, and, in fact, that there is no breach of the contract in any way.

827. And as regards the exercise of the veto, I assume that if any important fresh question arose at any meeting of the board, it would be the duty of the Government director, before expressing an opinion on it, to refer it to the Secretary of State in Council?—Certainly if he had any doubts in his own mind as to the course he should pursue; and there is never any diffi-

Chairman—continued.

culty in adjourning a question in order that a reference may be made by him to the India Office.

Mr. Fawcett.

828. But these rules and regulations must be so general as, for instance, to allow of the greatest variation in the working expenses of these companies; because the working expenses of the guaranteed railways generally are stated in the Budget to be very much greater this year than they were last year?—I am not aware that that is the case.

829. But, perhaps, you have not seen the Budget statement?—Yes, I have; and the net receipts were not so large in the past year as in the previous year; but this was due to the gross receipts being less, not to the working expenses being greater.

830. It says that the net receipts of the guaranteed railways will fall off by 1,800,000*l.*; that this is the smaller net return of any year but one, 1873-4; and then it goes on to remark that a part of this falling off in the net receipts is due to the increase in the working expenses; now what control have you, as representing the Government, over that increase in the working expenses?—All control with reference to working the line itself is exercised in India by the Government there; the Government director here simply has to approve or disapprove of the instructions that may be sent by the board to their agents and officers in that country.

831. But whether this transaction in this Bill will be advantageous to the Government or not, will to a very great extent depend upon the working expenses, will it not?—Very much.

832. If

Mr. Fawcett—continued.

832. If you have no control over the working expenses, and the Government will not be represented in India, the Government practically will have no control over the working expenses?—The Government are represented very largely in India.

833. How?—Through officers of the Government who are appointed for the purpose.

834. But not the directors; they have no official representation as far as this Bill goes?—The Government have power under the Bill to appoint any officer they may choose to investigate or supervise the proceedings of the company besides the Government director.

835. What I mean is this; the representation of the Government is vested in one director; you tell us that you have no control whatever, as representing the Government, over the working expenses?—I did not mean to say that I have no control whatsoever; because, of course, I have control over any instructions that may be sent from the board in this country to their agents there.

836. Expenditure does increase in India with regard to working expenses, and over that increased expenditure, as I understand, you have no control?—I have control over any proceedings of the board in connection with directions they may give relating to working expenses. If, for instance, they proposed to give instructions for an expenditure which I thought objectionable, I should think it my duty to express my dissent from such instructions; but practically the working of the railway must be conducted in India, and is conducted there by the agents and officers of the railway company, who are in almost daily communication with the officers of the Government; and no proceeding there is taken by the agent or any officer of the company except with the cognisance and with the sanction of the Government officer.

837. You contend that the greatest part of the working expenses are under the control of people in India?—I do.

838. And as far as this Bill shows, the Government has no representation whatever in controlling those expenses?—I think you will find that provision is made to enable the Government to make what regulations they may think fit with reference to the control in India of the railway company's officers.

839. Will you refer me to the clause?—Clause 22 is the clause; and the provision is contained in the section, which provides for "the control and supervision of the Secretary of State in respect to the matters aforesaid;" those "matters aforesaid" relating to the management and maintenance of the East Indian Railway, which of course must take place in India; and, in practice, I can assure the honourable Member that the control and supervision there is most minute and particular.

840. But now you have control, for instance, in purchasing locomotives; do you control the price that is paid for them?—I wish I could control the price.

841. I mean can you control whether they are purchased at a particular price?—Yes, I can. I would explain that the practice is always to invite tenders by public advertisement, whether for locomotives or for anything else. These tenders are opened at the board, at which I am always present; a list is made of the tenders,
0.73.

Mr. Fawcett—continued.

and the rule is, unless there is some special reason against it, to accept the lowest tender.

842. But now with regard to freight; what is your power there; because you have had to pay large sums for freight in sending out stores; have you adopted there the principle of open competition?—Not always.

843. When you have not, why have you departed from that principle?—It was thought more economical, and upon the whole better not to do so.

844. Have you had any voice, when it was not open for competition, in determining who should be selected?—I have control over that as over everything else.

845. But did you exercise any control?—I do not understand what the honourable Member means by "exercising any control"; I was there, and agreed or disagreed to whatever was proposed at the board at the time.

846. As long as it is open for competition, there is no difficulty; you can see whether the lowest offer with proper security is accepted; but what controls the selection?—It is generally done through a broker or a shipping clerk belonging to the company, and he reports what opportunities he has for obtaining freight; these are explained to the board, and are agreed to or not as may be thought proper; I am always present on the occasion.

847. Did you take any pains, at the time these freights were accepted, to make any inquiries, as an independent person representing the Government, to see whether it would not have been possible to obtain lower freights?—That is my practice.

848. But did you in recent instances, for example in which freights were not subjected to open competition; did you as a matter of fact make any inquiries to ascertain whether in the open market you could have obtained freights at lower terms?—Yes, I learned from the chairman of the company, who himself personally attended to it, that the lowest freights that could be obtained were obtained.

849. But as representing the Government, you made no independent inquiry; you simply inquired from the chairman of the company?—Quite so; he was the man from whom I could get the best information.

850. As I understand, you do not for instance make any independent inquiry yourself?—I have done so, and can do so of course.

851. But you have not done so lately?—Yes, I have lately. I am not thinking at the moment of this company in particular, but of other companies.

852. I mean in regard to this particular company?—Yes, I have made very particular inquiries lately in regard to this company.

853. Independent?—Independent. There is no doubt that it is the duty of the Government director to look after expenditure in matters of freight as in every thing else.

854. In reply to a question that I put to you, you said that you thought you had discharged that duty by applying to the chairman of the company in one instance; I am correct in saying that, am I not?—I got my information from the chairman, whom I thought the best person to give it me, in fact, the only person, because he was concerned in the bargain which he had to report.

I 4

855. Now,

Mr.
Dawson.
11 June
1879.

Mr.
Danvers.
11 June
1879.

Mr. Fawcett—continued.

855. Now, are all salaries under your control?—You are alluding, I presume, to the salaries of the officers and clerks on the home establishment?

856. No, in India too I mean?—In India I have no control over them; that is always settled in India by the Government, but no salary can be assigned to any office unless the Government approve of it.

857. Therefore your control does not go towards any of the expenditure made in regard to the staff in India?—Not in India until the approval of Government has been expressed.

858. It does in England?—In England, it does.

Chairman.

859. I want to make that point quite clear; you, as I understand it, are one of a board of directors who lay down certain principles which are to regulate the expenditure of the railway company?—Yes.

860. Those principles of course apply to all the railway staff in India?—Yes.

861. And what you mean is, that you are not able personally to see that those principles are applied in India, but you do not mean to say that the principles which you lay down do not apply to the staff in India?—No; I mean to say that I have nothing to do except through the board; of course, many of these questions of salary are referred home for consideration, and by that means I have a voice in the matter, and if it was proposed to give an extravagant salary to an officer, it would be my duty to interfere and prevent it; so far, I certainly have a voice, and a control over salaries in India, but generally speaking, these matters are considered by the Government there in communication with the railway company's officers, and are submitted to the board for final decision, when the sanction of Government had been given to them.

Mr. Fawcett.

862. But I presume the Government have no power whatever without the consent of the board of directors, of which you are a member, to order particular salaries to be paid?—No.

863. Then it must come under your cognisance?—Just so; I was explaining to the Chairman that in that way I have, of course, a control over the granting of salaries.

864. But, as I understand, you are the Government director of all the guaranteed companies?—I am.

865. That being the case, can you possibly exercise control over these matters; that is to say, can you control the amount that is paid for stores, freights, salaries, in fact all the working expenses of all these great railways; how often, for instance, can you, considering your multifarious duties, go to the offices of the East Indian Railway Company; once a fortnight?—It is only at the boards, when they are sitting, that I can exercise control; the greater part of the business is prepared and ready cut and dried for the board; and when it has come before the board I consider it with the directors.

866. Just to find out what the exact nature of this control is, because you in future will control a property of 32,000,000 *l.* on behalf of the Government, let me ask you this question, how often as a matter of fact do you go to the East Indian

Mr. Fawcett—continued.

Company's Offices?—Every week they hold a board.

867. You are always there?—I am always there, or my deputy.

868. And how long does a meeting generally last; an hour?—More than that; two hours, very often.

869. What it will run to is this, that the Government will exercise through you a control of two hours once a week?—A great deal goes on meantime; I am at the India Office and in daily communication with the officers of the company; it is only at the board that I can exercise control, but there are those relations between myself and the board that I am kept acquainted with everything that is going on. I see the papers when they come from India, and I am able to read them quietly; committees are appointed which I sometimes attend, and then, of course, there is that additional work besides the board, but everything comes before my eye; nothing is settled without my knowledge.

870. Who determines the number of directors appointed by the company; have you any power in that respect?—That is a matter for the shareholders to settle; the Act, of course, settles the minimum and the maximum number.

871. Have you any voice at all in determining, or are you consulted at all, whether they should be seven, or whether they should be 12?—Yes, I have been consulted.

872. Then again, there is nothing in this Bill about the remuneration of the directors?—Nothing in the Bill; that is left in the hands of Government.

873. Therefore, as far as we know, their remuneration is practically left without any control to the Government?—It is left in the hands of Government, no doubt.

Mr. Muntz.

874. In regard to a remark made by Mr. Fawcett as to the payment of the officials in India, will you tell me who controls the salaries of those officials; is that controlled by a Government officer in India, or is it referred to you?—It is done by the board in the first instance.

875. Who controls the board?—The Secretary of State. I have no power, for instance, to enable the board to create any new office; if an office was thought to be desirable the board would say so, and the matter would be referred to the India Office.

876. Then the director to be appointed by the Government would have no veto on that?—The decision would rest with the Government itself, and therefore it would not be necessary for him to do more than see that a proper person was selected to fill the office.

877. Then, as to the director who is to be appointed by the Government, would he sit on the board in London, or would he act in India?—In London.

878. Then there is no one in India who controls these matters except the official of the Government there?—In the first instance the Government in India have control over matters there.

879. Has that official of the Government any power to interfere with the salaries of the officials of the railway in India; has the official of the Government any control over their salaries?

Mr. Muntz—continued.

salaries?—Not over the salaries that have been granted, because they are granted by the board after they have received the views of the Government of India upon them.

880. With regard to another question; Mr. Fawcett mentioned that there was a great increase in the working expenses; is that an increase on the mileage or an increase in proportion to the gross receipts?—I do not think there has been any increase in the working expenses; the net receipts have been reduced, but that has been in consequence of the gross receipts being less, not in consequence of the working expenses being higher. Trade has been very much depressed this last year and traffic was less.

Mr. Campbell-Bannerman.

881. You say that the expenditure in India is controlled by Government officials?—Yes.

882. Are those officials specially appointed for that purpose?—They are.

883. And what is their status?—The office is generally filled by officers in the Royal Engineers of the rank of colonel.

884. Who have certain divisions of the line under their inspection?—Quite so; and at the central office in Calcutta meetings are held weekly, perhaps more frequently than that, at which the Consulting Engineer to the Government (that is the title by which he is known), always attends, and nothing is done without his cognisance and without his approval. If there is any disagreement at these meetings the matter is referred to the Supreme Government, who decide, if it is a case of expenditure, whether it should be incurred or not; but matters of details are left to this officer, who reports regularly to the Government what is done; and the proceedings come home to the board, so that we have the opportunity here, also, of knowing everything that goes on.

885. Are those meetings in Calcutta under the direction of the board here, or under the direction of the Indian Government?—It is one of the regulations of the company, approved by the Government, that these meetings should be held, and that minutes should be kept of what takes place; the Government of India see them there; the board as well as the Home Government see them here.

886. But do those inspecting engineers report to the Indian Government or to you?—To the Indian Government; and the Indian Government report to the India Office. The company's agents also report to the board; so that there is a double report.

887. Is it the practice of the Government director to exercise his powers on his own responsibility, or does he refer questions to the India Office?—Sometimes one and sometimes the other course is pursued. Generally speaking he exercises authority upon his own responsibility; but on any important questions he asks the board to allow him to reserve the matter; and I have the opportunity then of consulting the Secretary of State in Council.

888. It is left to his own discretion to decide whether matters are of sufficient importance to require reference to the Secretary of State?—Yes.

889. And the same system, both here and abroad, you presume, would go on under this Bill with regard to the company in the new

Mr. Campbell-Bannerman—continued.

position as has gone on hitherto?—I presume so, unless circumstances may indicate some necessary alteration.

Mr. Grantham.

890. Supposing that there were two Government directors, what would be the duty of the one differing from the duty of the other; could the work be done by two with any advantage?—I am afraid not. I should apprehend that it would be a division of responsibility that would be inexpedient.

Sir Henry Peck.

891. Do you consider yourself director in any way as initiating policy?—It is quite in my power to do so.

892. It is not the practice?—It is not the practice.

893. You are merely there to see that things go to the best of your discretion in the ordinary way?—Quite so; I would go beyond that, I think, and explain that if I thought that anything should be altered, or if I thought that any new course should be taken, I should consider it my duty to propose it, and I have every reason to think that the board would always entertain any proposition or suggestion I might make; I have always found them ready to do so.

894. You said in answer to a former question, that you only referred matters to the India Office if any doubts arose in your own mind?—Yes.

895. There might be many cases in which, if they did not occur to your mind, you would not go to the India Office at all?—Of course some discretion must be left to the Government director, and I think that he might be trusted to decide what questions are of sufficient importance to refer to the India Office, and what are not.

Chairman.

896. Do you consider that you have power to sanction, without consulting the Secretary of State, any departure from the rules and regulations which have been laid down by the Secretary of State?—Certainly not.

Sir Henry Peck.

897. Supposing the directors say, "We are going to raise the salary of the secretary from 800 l. a year to 1,000 l. a year," would they have power to raise the salary without speaking to you?—No; certainly not.

898. Should you refer anything of that sort?—A matter of that kind must be referred; I have no power to allow any increase of salary.

899. But you find that there are seven gentlemen here who know perfectly well what they are about, and are acting in the interests of the company, and they think it is in the interests of the company to raise the secretary's salary from 800 l. to 1,000 l.; you hear the reasons, and they appear to you to be sufficient, and therefore the thing is done, and you say no more about it; is that the course?—It might be the course, but the practice is for the Secretary of State to allow a certain sum to be placed in the hands of the company for the purpose of maintaining the necessary establishment in this country; the details are left with the board; they select their officers, and they assign to each what they consider

Mr.
Dauvers.
21 June
1879.

Sir Henry Peck—continued.

sider a proper salary; if the amount that had been granted by the Secretary of State left a margin by which an increase of salary might be made to a clerk or the secretary, it would be competent to the board to do that, and I should have the power either to object or to agree.

900. If you are sick what happens?—The deputy Government director takes my place.

901. And he has all the power that you have?—It is proposed to give it to him now. Under the late Act he has not the same power.

902. If you were sick for three months the Government are practically unrepresented?—No, the deputy Government director has always attended the board in my absence; when I went to India, for instance, I was absent for five months, and he regularly attended every week and acted for me; he had not, I think, the power of veto under the existing contract, but then the board would always defer to his wish to refer to the India Office any point which he had hesitation in agreeing to.

903. What appears to me is this, that one's mind, no matter how able and competent the gentleman may be, is not equal in matters of this sort to seven minds; and it appears to me that the Government is rather under represented in having one as against seven; now do not you think so?—I think the veto gives the Government director all the advantage which he would desire; I am afraid, as I was saying just now, you would dilute the responsibility of the Government representation if you had more than one; they might differ; what would be the position then? one would have to give way to the other, and the one who thought the veto should be exercised might yield to the opinion of the other, or *vice versa*; I am afraid there might be confusion and weakness.

904. To my mind the main advantage is this, that two or three gentlemen might see things from two or three different points of view, whereas they need not necessarily differ; or it does not follow that they should not agree; but one man only sees the matter from one point of view, while two or three would see it in divers points of view, and would be more equal to the seven directors representing the company?—That is perfectly true, but the Government director, who is always in the habit of attending the boards, gets into the habit of keeping his eyes and ears open, and doing his best to attend to the interests of the Government.

905. You say you have a veto on anything that may be done in the board room; have you any veto on anything that may be done at a public meeting by the shareholders?—No.

906. Then do you mean to say that the shareholders, as a body in public meeting, are independent of you, and consequently independent of the Government?—No; no body of shareholders could pass a resolution involving expenditure of money over which Government has control; the Government could immediately object and prevent it; shareholders can do nothing to commit the Government; no resolution which they pass would make it necessary for the Government to agree to it.

907. I should have thought that the shareholders were the more powerful of the two?—No; Government have full power over the money.

908. You say that you give, on an average,

Sir Henry Peck—continued.

two hours a week of your time to the board; you attend occasional committees, and papers continually pass between you and Mr. Crawford?—Yes, and the secretary and officers.

909. And I have no doubt all is done very well; but if you give two hours a week to the board, and attend committees and pass papers, can you do your duty to 20 railways?—I have not 20 railways to look after.

910. I thought you said you had nearly 20?—No; eight is the number, and some are much smaller than the East Indian Railway, which is the largest and most important of all. Some others are comparatively insignificant.

911. I should have thought the week would hardly have been sufficient for your work?—We hope that we do business in such a way as to secure due dispatch, and it should be recollected that it is supervision the Government directors have to exercise, not management to carry out.

Mr. Hubbard.

912. Are the Committee to consider that, under the system of a joint direction by which the company are represented by seven directors and the Government by one director, you do look upon the Government and the company as having conflicting interests, so that the Government director is always there in order to counteract and to arrest the movements of the company; or, is it rather that, having joint interests in the success of the undertaking, he is there as an ally and an assistant?—The view I should be disposed to take would be that the interests are not conflicting, but that they are almost identical. At the same time the Government have a very large interest in the matter, and I think it is incumbent upon the Government with so large a stake in a concern like that which is managed by a semi-independent body, to have the means of seeing that money is properly spent, that the management is good, and that everything is done in order to conduce to the interest of the undertaking as well as of the Government.

913. But you are of opinion that one competent representative of the Government would be as capable of protecting their interests as two, or three, or more?—I think better, considering the way in which business is done, and considering that a great deal is left in the hands of the Government independently of the Government director.

Chairman.

914. Will you take that Paper, please (*handing a Paper to the Witness*). That is a Paper which I have read to the Committee, and which you will see at the end is signed by Mr. Macnaghten on behalf of the India Office, and countersigned by Mr. Edward Stanhope, Under Secretary of State for India; have the items contained in that Paper been agreed upon between the company and the Indian Government?—No contract has absolutely been signed yet, but I am quite in a position to say that the conditions here expressed have been agreed to.

[*The Paper was handed in, and is as follows:—*]

“It has been agreed between the Secretary of State and the company, that the contract to be entered

entered into in pursuance of Clause 22 of the Act shall contain provisions to the following effect :—

“ As to Construction and Working of Auxiliary or Branch Railways.

“ 1. Power for the Secretary of State to require the company to construct any auxiliary or branch railway of the same gauge, in connection with any railway forming part of the undertaking, and to work any such auxiliary or branch railway, whether constructed by the company or not, either as agents of the Secretary of State, or as part of the undertaking, as the Secretary of State may determine, upon such terms and conditions as may in each case be agreed upon between the Secretary of State and the company.

“ As to Alterations and Improvements in the Undertaking, and Additions thereto, not extending to the Construction of Auxiliary or Branch Railways.

“ 2. Power for the Secretary of State from time to time to require the company to carry out any alterations or improvement in the undertaking, or any addition thereto, that may, in his opinion, be necessary for the safety of passengers, of the public, or for the effectual working of the undertaking, the Secretary of State supplying the necessary funds and providing any land that may be required for the purpose. The expense (including value of any land required) to be charged to capital or revenue, as the case may require.

“ As to Arbitration.

“ 3. Provision for arbitration in all cases of difference not otherwise specially provided for, and in all cases where the Secretary of State and the company may fail to agree as to any matter with regard to which their agreement is required by the contract.

“ As to Appointment of Government Director.

“ 4. Power for the Secretary of State to appoint any one person not being a deferred annuity holder to be a director of the company. The Government director to rank as one of the board of directors, and to be entitled in all things to act as such, and to be an *ex-officio* member of all committees, and moreover, to be entitled to exercise at his discretion an absolute right of veto in all proceedings at the board. The Government director not to be removable, except by the Secretary of State. Power for the Secretary of State to appoint a deputy to represent in his absence the Government director at all meetings of the board, all committee meetings, and on all other occasions, and to have and exercise all powers which the Government director, if present, might have and exercise.

“ Settled, *E. Macnaghten*, L.I.

“ 10 June 1879.

“ (signed) *Edward Stanhope*.

“ 10 June 1879.”

The consideration of the clause was then proceeded with.

The clause having been amended, was agreed to.

Mr.
Danvers.

11 June
1879.

LIST OF APPENDIX.

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Papers handed in by Mr. R. W. Crawford :

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A P P E N D I X.

Appendix, No. 1.

PAPERS handed in by Mr. R. W. Crawford.

EAST INDIAN RAILWAY COMPANY.

MAIN LINE REVENUE.

DATE.	Gross Receipts.	Working Expenses.	Net Receipts.	Per-Centage of Working Expenses to Gross Receipts.	Deductions for Interest, &c.	Surplus Profits.
	£. s. d.	£. s. d.	£. s. d.		£. s. d.	£. s. d.
Half-Years:						
30 June 1855 - (from 15 Aug. 1854.)	31,452 19 -	20,821 17 5	10,631 1 7	66.20	—	—
31 Dec. 1855 -	35,417 - -	14,795 8 10	20,621 11 2	41.77	—	—
£.	66,869 19 -	35,617 6 3	31,252 12 9	53.26	—	—
30 June 1856 -	46,761 14 5	18,970 11 1	27,791 3 4	40.56	—	—
31 Dec. 1856 -	49,338 15 9	20,069 17 7	29,268 18 2	40.98	—	—
£.	96,100 10 2	39,040 8 8	57,060 1 6	40.62	—	—
30 June 1857 -	64,307 12 2	24,092 6 9	40,215 5 5	38.72	—	—
31 Dec. 1857 -	69,333 1 7	26,777 15 7	42,555 6 -	38.52	—	—
£.	133,640 13 9	50,870 2 4	82,770 11 5	38.06	—	—
30 June 1858 -	80,899 1 2	35,729 7 11	45,169 13 3	42.55	—	—
31 Dec. 1858 -	95,982 9 1	47,748 12 5	38,233 16 8	55.53	—	—
£.	166,881 10 3	83,478 - 4	83,403 9 11	50.02	—	—
30 June 1859 -	143,715 - 4	57,530 5 9	86,184 14 7	40.04	—	—
31 Dec. 1859 -	150,465 10 5	70,157 6 2	80,328 4 3	46.62	—	—
£.	294,200 10 9	127,687 11 11	166,512 18 10	48.40	—	—
30 June 1860 -	165,899 - 7	76,181 5 11	89,657 14 8	46.54	—	—
31 Dec. 1860 -	169,922 4 6	83,436 4 -	81,486 - 6	52.05	—	—
£.	335,761 5 1	164,617 9 11	171,148 15 2	49.03	—	—
30 June 1861 -	238,611 5 11	105,854 4 6	132,757 1 5	44.86	—	—
31 Dec. 1861 -	253,705 17 5	123,843 - 3	129,862 17 2	48.81	—	—
£.	492,317 3 4	229,697 4 9	262,619 18 7	46.66	—	—
30 June 1862 -	298,678 17 11	150,635 18 10	148,042 19 1	50.44	—	—
31 Dec. 1862 -	284,188 16 6	162,369 9 4	121,819 7 2	57.13	—	—
£.	582,867 14 5	313,005 8 2	269,862 6 3	53.70	—	—

EAST INDIAN RAILWAY COMPANY.—MAIN LINE REVENUE—*continued.*

DATE.	Gross Receipts.			Working Expenses.			Net Receipts.			Per-Centage of Working Expenses to Gross Receipts.	Deductions for Interest, &c.			Surplus Profits.		
	£.	s.	d.	£.	s.	d.	£.	s.	d.		£.	s.	d.	£.	s.	d.
30 June 1863	-	516,359	17 3	255,672	12 11	260,687	4 4	49.51								
31 Dec. 1863	-	473,692	- 11	293,195	5 1	180,496	15 10	61.89								
£.		990,051	18 2	548,867	18 -	441,184	- 2	55.44								
30 June 1864	-	652,147	15 2	322,394	16 5	329,752	18 9	49.48								
31 Dec. 1864	-	620,428	7 11	322,693	1 9	297,735	6 2	52.01								
£.		1,272,576	3 1	645,087	18 2	627,488	4 11	50.69								
30 June 1865	-	821,673	10 4	345,540	2 9	476,136	7 7	42.05								
31 Dec. 1865	-	852,765	17 9	399,710	12 2	453,055	5 7	46.89								
£.		1,674,442	8 1	745,250	14 11	929,191	13 2	44.51								
30 June 1866	-	1,067,542	9 8	441,324	3 4	626,218	6 4	41.34	527,150	18 10	99,067	9 6				
31 Dec. 1866	-	944,065	17 8	450,968	17 8	493,097	- -	47.76								
£.		2,011,608	7 4	892,293	1 -	1,119,315	6 4	44.34								
30 June 1867	-	1,213,068	12 11	533,472	4 1	679,596	8 10	43.97	576,760	13 2	102,835	15 8				
31 Dec. 1867	-	920,210	18 8	523,065	14 10	397,145	3 10	56.84								
£.		2,133,279	11 7	1,056,537	18 11	1,076,741	12 8	49.52								
30 June 1868	-	1,084,634	- 4	494,612	7 -	590,021	13 4	45.60								
31 Dec. 1868	-	1,065,039	6 2	437,440	3 4	627,599	2 10	41.12								
£.		2,149,673	6 6	932,052	10 4	1,217,620	16 2	43.36								
30 June 1869	-	1,349,820	13 1	517,339	13 -	832,481	- 1	38.32	683,420	19 7	149,060	- 6				
31 Dec. 1869	-	1,125,719	8 8	511,878	1 11	613,841	6 9	45.47								
£.		2,475,540	1 9	1,029,217	14 11	1,446,322	6 10	41.57								
30 June 1870	-	1,438,055	19 2	572,182	7 10	865,873	11 4	39.78	735,778	18 1	130,094	13 3				
31 Dec. 1870	-	1,190,052	12 5	527,277	3 6	662,775	8 11	44.31								
£.		2,628,108	11 7	1,099,459	11 4	1,528,649	- 3	41.78								
30 June 1871	-	1,237,157	15 10	504,823	14 11	732,334	- 11	40.80	623,078	17 3	109,255	3 8				
31 Dec. 1871	-	1,066,729	13 1	457,261	5 11	609,468	7 2	42.86								
£.		2,303,887	8 11	962,085	- 10	1,341,802	8 1	41.63								
30 June 1872	-	1,344,763	5 9	519,902	- 3	824,866	5 6	38.66	674,171	4 6	150,695	1 -				
31 Dec. 1872	-	1,092,245	11 1	484,926	11 10	607,318	19 3	44.39								
£.		2,437,013	16 10	1,004,828	12 1	1,432,185	4 9	41.23								
30 June 1873	-	1,324,035	- 5	489,982	14 3	834,052	6 2	37.00	666,299	11 9	167,752	14 5				
31 Dec. 1873	-	1,255,079	5 6	479,443	1 1	775,636	4 5	38.20	670,948	14 2	104,687	10 3				
£.		2,579,114	5 11	969,425	15 4	1,609,688	10 7	37.58	1,337,248	5 11	272,440	4 8				

EAST INDIAN RAILWAY COMPANY.—MAIN LINE REVENUE—continued.

DATE.	Gross Receipts.	Working Expenses.	Net Receipts.	Per-Centage of Working Expenses to Gross Receipts.	Deductions for Interest, &c.	Surplus Profits.
	£. s. d.	£. s. d.	£. s. d.		£. s. d.	£. s. d.
30 June 1874 -	1,951,216 8 -	633,397 18 3	1,317,818 9 9	32.46	681,147 15 9	636,670 14 -
31 Dec. 1874 -	1,236,429 11 3	492,326 17 2	744,102 14 1	39.82	681,609 15 8	62,492 18 5
£.	3,187,645 19 3	1,125,724 15 5	2,061,921 3 10	35.32	1,362,757 11 5	699,163 12 5
30 June 1875 -	1,339,431 8 9	510,225 18 3	829,205 10 6	38.09	676,441 10 1	152,764 - 5
31 Dec. 1875 -	1,170,234 4 2	452,829 4 8	717,404 19 6	38.70	678,702 13 7	38,702 5 11
£.	2,509,665 12 11	963,055 2 11	1,546,610 10 -	38.37	1,355,144 3 8	191,466 6 4
30 June 1876 -	1,539,103 2 10	514,194 6 6	1,024,908 16 4	33.41	677,682 12 11	347,226 3 5
31 Dec. 1876 -	1,471,080 15 -	510,741 5 -	960,339 10 -	34.72	675,786 12 3	284,602 17 9
£.	3,010,183 17 10	1,024,935 11 6	1,985,248 6 4	34.05	1,353,419 5 2	631,829 1 2
30 June 1877 -	1,902,975 11 10	592,175 8 2	1,310,800 3 8	31.12	677,561 6 7	633,238 17 1
31 Dec. 1877 -	1,736,446 19 6	543,904 7 5	1,192,542 12 1	31.32	682,863 9 7	509,679 2 0
£.	3,639,422 11 4	1,136,079 15 7	2,503,342 15 9	31.22	1,360,244 16 2	1,143,097 19 7
30 June 1878 -	1,780,893 1 -	585,341 18 6	1,195,553 2 6	32.87	677,173 2 -	518,380 - 6
31 Dec. 1878 -	Account not yet received from India.					

East Indian Railway Company,
7 April 1879.

J. Darning,
Accountant.

EAST INDIAN RAILWAY COMPANY.

JUBBULPORE LINE REVENUE.

From	£. s. d.	£. s. d.	£. s. d.			
1 Aug. to 31 Dec. 1867	19,774 12 4	17,311 7 3	2,462 4 8	88.66	—	—
Half-years:						
30 June 1868 -	41,263 2 4	28,644 17 6	12,618 4 10	69.39	—	—
31 Dec. 1868 -	44,023 5 7	36,335 18 3	7,687 7 4	82.54	—	—
£.	85,306 7 11	64,980 15 9	20,325 12 2	76.17	—	—
30 June 1869 -	54,806 16 -	64,867 4 2	10,560 8 2	119.44	—	—
31 Dec. 1869 -	53,789 16 4	52,077 6 1	1,712 10 3	96.81	—	—
£.	108,096 12 4	116,944 10 3	8,847 17 11	108.18	—	—
30 June 1870 -	69,464 5 8	60,881 3 6	8,583 3 2	87.64	—	—
31 Dec. 1870 -	52,999 19 -	43,964 5 5	9,035 13 7	82.95	—	—
£.	122,464 4 8	104,845 7 11	17,618 16 9	85.61	—	—

EAST INDIAN RAILWAY COMPANY.—JUBBULPORE LINE REVENUE—continued.

DATE.	Gross Receipts.	Working Expenses.	Net Receipts.	Per-Centage of Working Expenses to Gross Receipts.	Deductions for Interest, &c.	Surplus Profits.
	£. s. d.	£. s. d.	£. s. d.		£. s. d.	£. s. d.
30 June 1871 -	70,486 - -	50,935 4 4	19,500 15 8	72·31	—	—
31 Dec. 1871 -	89,015 18 6	49,942 - 10	19,073 17 8	72·36	—	—
£.	189,451 18 6	100,877 5 2	38,574 13 4	72·34	—	—
30 June 1872 -	122,514 19 6	52,603 5 6	69,911 14 -	42·94	—	—
31 Dec. 1872 -	98,129 10 5	46,930 4 3	51,199 6 2	47·82	—	—
£.	220,644 9 11	99,533 9 9	121,111 - 2	45·11	—	—
30 June 1873 -	101,406 14 6	50,802 17 4	50,603 17 2	50·10	—	—
31 Dec. 1873 -	76,629 3 6	50,583 5 1	26,045 18 5	66·01	—	—
£.	178,035 18 -	101,386 2 5	76,649 15 7	56·95	—	—
30 June 1874 -	157,178 4 11	55,995 7 -	101,182 17 11	35·62	89,944 15 5	11,238 2 6
31 Dec. 1874 -	77,858 17 2	44,085 17 6	33,772 19 8	56·62	—	—
£.	235,037 2 1	100,081 4 6	134,955 17 7	42·58	—	—
30 June 1875 -	108,261 19 5	58,369 1 4	49,892 18 1	53·91	—	—
31 Dec. 1875 -	76,787 17 5	48,957 19 3	27,820 18 2	63·76	—	—
£.	185,049 16 10	107,327 - 7	77,722 16 3	58·00	—	—
30 June 1876 -	113,771 8 8	53,434 13 7	60,336 15 1	46·97	—	—
31 Dec. 1876 -	131,398 - 3	66,603 10 5	64,794 9 10	50·69	—	—
£.	245,169 8 11	120,038 4 -	125,131 4 11	48·96	—	—
30 June 1877 -	229,043 8 3	81,247 12 3	147,795 16 -	35·47	80,277 19 8	61,517 16 4
31 Dec. 1877 -	197,111 19 7	77,582 19 6	119,529 - 1	39·36	83,439 19 7	36,089 - 6
£.	426,155 7 10	158,830 11 9	267,324 16 1	37·27	169,717 19 3	97,606 16 10
30 June 1878 -	177,610 3 2	79,433 - 3	98,177 2 11	44·73	83,382 17 4	14,794 5 7
31 Dec. 1878 -	Account not yet received from India.					

East Indian Railway Company,
7 April 1879.

J. Dorning,
Accountant.

Appendix, No. 2.

PAPERS laid before the Committee by the *Chairman*.

STATEMENT showing the GAIN to the GOVERNMENT under the NEW AGREEMENT, calculated on the NET TRAFFIC EARNINGS for 1876, for 1877, and for the Year ended 30th June 1878, if Converted at a uniform Rate of 1 s. 8 d. per Rupee.

	1876.	1877.	Year ended 30th June 1878.
NET EARNINGS - - - - - Rs.	2,30,22,322	3,02,23,905	2,84,31,384
Converted at 1 s. 8 d. per Rupee - - - £.	1,918,527	2,518,658	2,369,278
CHARGES.			
Interest on Debentures and Debenture Stock - - - £.	188,000	188,000	188,000
Charge in respect of the Annuity - - - - -	1,179,000	1,179,000	1,179,000
Interest on the Company's Capital - - - - -	262,000	262,000	262,000
Contribution to Provident Fund - - - - -	19,185	25,187	23,693
Interest on Value of Stores in Hand at close of each Half Year	33,333	33,333	33,333
TOTAL CHARGES - - - £.	1,661,518	1,687,520	1,666,026
SURPLUS PROFITS - - - £.	237,009	831,138	683,252
Government Share, $\frac{4}{5}$ ths - - - - -	189,607	664,911	546,602
Company's Share, $\frac{1}{5}$ th - - - - -	47,402	166,227	136,650
£.	237,009	831,138	683,252
GOVERNMENT RECEIPTS.			
UNDER NEW AGREEMENT:			
Government Share of Surplus Profits (as above), $\frac{4}{5}$ ths £.	189,607	664,911	546,602
Interest on Value of Stores (as above) - - - - -	33,333	33,333	33,333
(1) Total under New Agreement - £.	222,940	698,244	579,935
UNDER EXISTING CONTRACT:			
Moiety of Surplus Profits - - - - - £.	272,210	565,276	490,510
Deduct Loss by Exchange - - - - -	67,803	68,147	68,273
(2) Net, under Existing Contract - £.	204,407	497,129	422,237
GAIN TO GOVERNMENT under NEW AGREEMENT:			
Excess of (1) over (2) - - - - - £.	18,538	201,115	157,698

SUPPLEMENTARY STATEMENT showing the mode of Calculating the "LOSS OF EXCHANGE" under the Existing Contract.

	1 8 7 6.	1 8 7 7.	Year ending 30th June 1878.
NET EARNINGS - - - - - Rs.	2,30,22,322	3,02,23,905	2,84,31,334
CHARGES UNDER EXISTING CONTRACT:			
Guaranteed Interest at 1 s. 10 d. per rupee - - - Rs.	1,62,42,055	1,62,75,904	1,63,06,249
Interest on Overdrawn Capital - - - - -	30,834	79,449	79,256
Contributions to the Provident Fund - - - - -	2,16,381	3,01,922	2,73,584
TOTAL CHARGES - - - - - Rs.	1,64,89,270	1,66,57,275	1,66,59,089
SURPLUS PROFITS - - - - - Rs.	65,33,052	1,35,66,630	1,17,72,245
MOIETY - - - - - Rs.	32,66,526	67,83,315	56,86,122
(1) Converted at 1 s. 8 d. per rupee - - - £.	272,210	565,276	490,510
If the Guaranteed Interest and Interest on Overdrawn Capital be taken at 1 s. 8 d., instead of the Contract rate of 1 s. 10 d., the result would be:			
Guaranteed Interest at 1 s. 8 d. per rupee - - - Rs.	1,78,66,260	1,79,03,494	1,79,36,878
Interest on Overdrawn Capital - - - - -	33,917	87,394	87,182
Contributions to the Provident Fund - - - - -	2,16,381	3,01,922	2,73,584
TOTAL CHARGES - - - - - Rs.	1,81,16,558	1,82,92,810	1,82,97,644
SURPLUS PROFITS - - - - - Rs.	49,05,764	1,19,31,095	1,01,33,690
MOIETY - - - - - Rs.	24,52,882	59,65,547	50,66,845
(2) Converted at 1 s. 8 d. per rupee - - - £.	204,407	497,129	422,237
LOSS TO GOVERNMENT BY CONTRACT RATE OF EXCHANGE:			
Excess of (1) over (2) - - - - - £.	67,803	68,147	68,273

STATEMENT showing the ANNUITY that might be payable to the EAST INDIAN RAILWAY COMPANY, for 73 Years, calculated at different Rates of Interest.

	Taking Average Rate of Interest paid by Secretary of State in Council in London, during Two Years from 1st November 1876, to 31st October 1878, on his Public Obligations.	Taking Average Rate of Interest received by Purchasers of Public Obligations of Secretary of State in Council in London, without reference to terminable character of Obligations.	Taking Rate of Interest at 4 per Cent.	Taking Average Rate of Interest at which Secretary of State in Council has raised Money on Obligations in London, the Premium being taken in Reduction of Interest during Period of each Loan, but East India Bonds being treated as a perpetual Security.	Taking Average Rate of Interest received by Purchasers of Public Obligations of Secretary of State in Council in London, the Premium being taken in Reduction of Interest during Period of each Loan, but East India Bonds being treated as a perpetual Security.
	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.
Rate of Interest per Cent. of Stock -	4 6 -	4 4 6	4 - -	3 18 3	3 14 4½
" " taken for convenience at -	- - -	- - -	- - -	3 18 -	3 15 -
Additional payment for Redemption of Capital,	- 4 -	- 4 2½	- 4 8½	- 4 11	- 5 4
	4 10 -	4 8 8½	4 4 8½	4 2 11	4 - 4
Amount of Annuity (payable half-yearly) on commuted price of 125 £. per 100 £. Stock:	5 12 6	5 10 10½	5 5 10½	5 3 8	5 - 5
Total Amount payable to Company Annually for Purchase of 26,200,000 £. Stock.	1,473,750 - -	1,452,180 - -	1,386,063 - -	1,358,033 - -	1,315,458 - -
Value, at 4 per Cent., of Annuity of that Amount for 73 Years (paid half-yearly).	34,798,331 - -	34,289,438 - -	32,749,273 - -	32,066,201 - -	31,060,903 - -

EAST INDIA RAILWAYS.

S1746

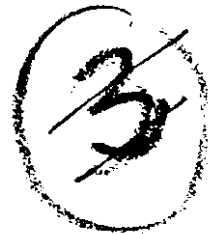
RETURN to an Address of the Honourable The House of Commons,
dated 26 June 1882;—for,

“COPY of the CONTRACTS or AGREEMENTS entered into by the SECRETARY
of STATE for INDIA with any COMPANY for the Construction of RAILWAYS
in *India* (in continuation of Parliamentary Paper,*No. 450, of Session
1871).”

India Office,
29 November 1882. }

ENFIELD,
Under Secretary of State.

(*Sir George Balfour.*)



X415.2.M7
B2

Ordered, by The House of Commons, to be Printed,
1 December 1882.

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Contract between Secretary of State for India in Council and the East } Indian Railway Company - - - - -	dated 17 Mar. 1873
Ditto - - ditto - - ditto - - - - -	" 23 April 1875
Ditto - - ditto - - ditto - - - - -	" 9 Dec. 1875
Ditto - - ditto - - ditto - - - - -	" 9 Dec. 1875
Ditto - - ditto - - ditto - - - - -	" 18 May 1816
Ditto - - ditto - - ditto - - - - -	" 25 Feb. 1878
Ditto - - ditto - - ditto - - - - -	" 13 May 1878
Contract between Secretary of State for India in Council and the Great } Indian Peninsula Railway Company - - - - -	" 14 Aug. 1878
Ditto - - ditto - - ditto - - - - -	" 8 April 1879
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Ditto - - ditto - - ditto - - - - -	" 30 Oct. 1879
Contract between Secretary of State for India in Council and the South } Indian Railway Company - - - - -	" 26 Oct. 1877
Ditto - - ditto - - ditto - - - - -	" 18 July 1879
Contract between Secretary of State for India in Council and the Oude and } Rohilkund Railway Company - - - - -	" 31 July 1877
Ditto - - ditto - - ditto - - - - -	" 5 April 1878
Ditto - - ditto - - ditto - - - - -	" 30 Sept. 1880
Ditto - - ditto - - ditto - - - - -	" 27 Sept. 1881

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COPY of the CONTRACTS or AGREEMENTS entered into by the SECRETARY of STATE for INDIA with any COMPANY for the Construction of RAILWAYS in India (in continuation of Parliamentary Paper, No. 450, of Session 1871).

CONTRACT between the SECRETARY of STATE for INDIA in COUNCIL and the BOMBAY, BARODA, and CENTRAL INDIA RAILWAY COMPANY, dated the 17th November 1871.

THIS INDENTURE, made the 17th day of November 1871, between the SECRETARY of STATE in COUNCIL of the one part, and the BOMBAY, BARODA, and CENTRAL INDIA RAILWAY COMPANY, incorporated by the Bombay, Baroda, and Central India Railway Act, 1855, passed in the Session of the 18th and 19th years of Her present Majesty, and now incorporated under the provisions of the Bombay, Baroda, and Central India Railway Act, 1859, passed in the Session of the 22nd and 23rd years of Her present Majesty, of the other part.

WHEREAS the Bombay, Baroda, and Central India Railway Company was incorporated by the said first-mentioned Act for, amongst other purposes, the making, working, and maintaining such railway or railways in India as might be agreed upon by the said railway company and the East India Company :

And whereas by an Indenture bearing date the 21st day of November 1855, and made between the East India Company of the one part, and the said railway company of the other part, it was amongst other things agreed that the said railway company should construct and open a line of railway to commence at Surat, and to proceed to Baroda and Ahmedabad, the capital raised or to be raised by the said railway company for the purposes of the same Indenture being the sum of 500,000 £. And it was also agreed that the land required for the purpose of the said railway should be provided by the East India Company, and that upon the completion of the said line of railway, or of any part or parts thereof which should be required by the East India Company to be first completed, the land required for the completed line, and for the works and conveniences thereto belonging, should be leased to the said railway company by the East India Company for the term of 99 years from the 1st day of May 1855, determinable by surrender or purchase or re-entry, as in the said Indenture mentioned, and that the East India Company should pay to the said railway company in London, on the 30th day of June and the 31st day of December in every year during the said determinable term, interest at the rate of 5 £. per cent. per annum on the said sum of 500,000 £, or on such part thereof as should for the time being have been paid by the said railway company as therein mentioned :

And whereas under the provisions of the Act of the 21st and 22nd years of Her Majesty, cap. 106, intituled "An Act for the better Government of India," the benefit of the contract made by the hereinbefore recited Indenture became vested in Her Majesty for the purposes of the Government of India, and save as otherwise provided by the same Act, one of Her Majesty's Principal Secretaries of State has and may exercise and perform all such and the like powers and duties relating to the Government and Revenues of India as might or should have been exercised or performed by the East India Company, and the Secretary of State in Council, with the concurrence of a majority of votes at a meeting of the Council of India, has full power to enter into any contracts whatsoever which may be thought fit for the purposes of the same Act, and all monies payable in respect of the hereinbefore recited Indenture, and all liabilities to be

contracted on account of the Government of India, are charged and chargeable on the revenues of India :

And whereas by an Indenture bearing date the 1st day of February 1859, and made between the Secretary of State in Council of the one part, and the said railway company of the other part, the Secretary of State in Council covenanted with the said railway company for payment out of the revenues of India of interest at the rate of 5 l. per cent. per annum during the said determinable term of 99 years on the sum of 250,000 l., to be provided by the said railway company for the purposes of the said Indenture of the 21st day of November 1855, in addition to the said sum of 500,000 l. :

And whereas by an Indenture bearing date the 2nd day of February 1859, and made between the Secretary of State in Council of the one part, and the said railway company of the other part, after reciting that the said line of railway from Surat to Baroda was commenced, and that the East India Company, previously to the passing of the said Act of the 21st and 22nd years of Her Majesty, had sanctioned the construction by the said railway company of a junction line of railway from Bombay to Surat, on the terms thereafter mentioned, at an estimated cost of 1,000,000 l. sterling or thereabouts, and agreed to guarantee interest at the rate of 5 l. per cent. per annum on the last-mentioned sum, and that it was intended that the railway and other works to be constructed under the said Indenture of the 21st day of November 1855, and the said railway from Bombay to Surat, should be made and maintained as one line of railway and as one undertaking, with one and the same capital and revenue account, and that in order to carry such intention into effect it had been agreed that certain clauses in the Indenture now in recital contained should be in substitution for certain corresponding clauses contained in the said Indenture of the 21st day of November 1855, so as to supersede the last-mentioned clauses, and that the expression "the said line of railway" or "the said line of railway and works," where the same was thereafter used, was intended to mean the said line of railway from Bombay to Surat, or such line and the works connected therewith, unless where there might be something in the context to show that such expression was used in any different sense ; it was, amongst other things, agreed that the said line of railway from Bombay to Surat should be constructed at an estimated cost of 1,000,000 l., and that the land for the same railway should be provided by the Secretary of State in Council, and that upon the completion of the said line of railway from Bombay to Surat, or of any part or parts thereof which should be required by the Secretary of State in Council to be first completed, the land required for the completed line should be leased to the said railway company by the Secretary of State in Council for the term of 99 years from the 1st day of May 1855, determinable as therein mentioned, and that the Secretary of State in Council should, in addition to the interest payable under the said Indentures of the 21st day of November 1855 and the 1st day of February 1859 respectively, pay to the said railway company on the 30th day of June and the 31st day of December during the said determinable term interest at the rate of 5 l. per cent. per annum on the said sum of 1,000,000 l., or on such part thereof as should for the time being have been paid by the said railway company as therein mentioned, and that the monies required for the said lines of railway, and the works constructed or to be constructed under the said Indenture of the 21st day of November 1855 and the Indenture now in recital, or otherwise as therein mentioned, in excess of the said several sums of 500,000 l., 250,000 l., and 1,000,000 l., should be raised and paid by the said railway company into the Bank of England to the credit of the account of the Secretary of State in Council, and that the Secretary of State in Council should from time to time during the then residue of the said determinable term of 99 years pay to the said railway company half-yearly, on the days aforesaid, interest on such excess at such rate as should be agreed on. And it was by the 10th clause of the Indenture now in recital provided that the said railway company, and their officers, servants, and agents, as also their accounts and affairs, should in all things be subject to the superintendence and control of the Secretary of State in Council as well in England as elsewhere, and in particular that on byelaws, contracts, orders, directions, proceedings, works, or undertakings, acts, matters, or things whatsoever, should be made, done, entered into, commenced, or prosecuted by or on the part of the said railway company, unless previously sanctioned in
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writing by the Secretary of State in Council or in some other manner to be prescribed by him, and that no money should be raised by the said railway company by any other means than by calls upon or payments in respect of the shares in the same Company without the sanction of the Secretary of State in Council in writing, and no extension in the number of shares in the said railway company or in the amount of its capital should be made unless sanctioned in like manner; and that it should be lawful for the Secretary of State in Council from time to time to give to the said railway company, their officers, servants, and agents, all such orders and directions as the Secretary of State in Council should from time to time think fit with reference to the railway and works to be made under the same Indenture, and with reference to the manner and times of executing the same, and with reference to any contracts, orders, and directions to be entered into, made, or given with regard thereto, and otherwise with reference to the same, all which contracts, orders, and directions should be executed and followed by the said railway company to the satisfaction of the Secretary of State in Council, the costs and expenses of the same which should have been or should be allowed and sanctioned by the Secretary of State in Council being paid out of the capital of the said railway company as therein mentioned into the Bank of England to the credit of the account of the Secretary of State in Council of India, and that for the better enabling the Secretary of State in Council to exercise the control and discretion intended to be thereby secured, the said railway company were to record and keep in proper books for that purpose full and particular accounts of all their transactions and proceedings, including full and true minutes of all their meetings, meetings of directors, communications with India, and correspondence, so as at all times to exhibit thereby fully and truly the state of their affairs and proceedings, and that the Secretary of State in Council, and any person or persons appointed by them in that behalf, should at all reasonable times have free access to all the books, accounts, papers, and documents of the said railway company (except communications between the said railway company and their legal advisers), and power to make copies of or extracts from the same, whether such books, accounts, papers, and documents related to the line of railway and works therein mentioned, or to any other matters or things whatsoever in which the said railway company should or might be interested; and by the same clause power was given to the Secretary of State in Council to appoint for the purposes aforesaid an *ex officio* director of the said railway company, with such powers as were therein mentioned; and by the 11th clause of the same Indenture now in recital it was provided that all the expenses of the said railway company should from time to time be stated and submitted to the Secretary of State in Council for their sanction and approval, and as between the said railway company and the Secretary of State in Council should be allowed so far only as the same should from time to time have been sanctioned and approved by the Secretary of State in Council. And it was provided that the stipulations contained in the same clause should not interfere with any subsidiary agreement between the said railway company and the Secretary of State in Council, and by the 12th clause of the Indenture now in recital it was provided that the capital account relating to the construction of the lines of railway constructed and to be constructed under the said Indenture of the 21st day of November 1855 and the Indenture now in recital, and the works, conveniencies, and telegraphs thereto respectively belonging, and relating to the original cost of engines and carriages, and the plant and machinery, should be kept by the said railway company, to which account all monies paid by the said railway company, the expenditure of which should have received the sanction and approval of the East India Company or of the Secretary of State in Council, should from time to time be carried; and when and so soon as the said railways and works should have been completed and furnished with the necessary rolling stock and plant, or at any earlier time or times if occasion should require, the said capital account should be made up, and the statement should be furnished to the Secretary of State in Council of the aggregate amount of capital which, according to such account, should by examination of such account be ascertained and certified by the Secretary of State in Council; and from the opening of the said railways respectively, or any part or parts thereof respectively, the cost of maintaining the same, with their respective machinery and stock, in good working condition,

condition, should be payable by the said railway company out of the revenues of the said railway company, including any interest to be received from the Secretary of State in Council; but upon any additions, alterations, or improvements, such as should properly be chargeable to the capital account, being thereafter made with the sanction and approval of the Secretary of State in Council to or in the said railways, or the works, conveniencies, or telegraphs thereto belonging, or the engines, carriages, or other plant and machinery, the cost necessarily incurred in executing such additions, alterations, or improvements should be added to the said capital account; and if it should happen that any liability should be incurred to third persons for consequential damages caused by any works executed by the company under the sanction or authority of the Secretary of State in Council, all expenses necessarily incurred in satisfying the same should be paid by the company and added to the said capital account, and the said capital account was from time to time to be made up and stated afresh as occasion should require, and be ascertained and certified accordingly. And by the 13th clause of the Indenture now in recital it was provided that at all times during the said determinable term of 99 years the said railway company should keep the said line of railway, or so much thereof as should be completed and open for traffic, and the works and conveniencies belonging thereto, and the telegraphs on the railway (if any) in a state of good repair, and in good working condition, to the satisfaction of the Secretary of State in Council, and should keep the same fully provided with rolling stock and plant adequate to the services thereof and to the satisfaction of the Secretary of State in Council. And by the 14th clause of the Indenture now in recital it was provided that the said railway company should, in such forms and under such heads or divisions as should be prescribed by the Secretary of State in Council, keep accounts of all receipts and payments whatsoever in respect of the railways constructed and to be constructed under the said Indenture of the 21st day of November 1855, and the Indenture now in recital (other than such receipts and payments as properly belonged to the capital account thereinbefore agreed to be kept), and such account shall be called the revenue accounts of the Bombay, Baroda, and Central India Railway Company, and should be made up half-yearly to the 30th day of June and the 31st day of December in every year, or to such other days in the year as the Secretary of State in Council should appoint, and should be regularly transmitted to the Secretary of State in Council, who should be at liberty at all times in auditing the same accounts to make any corrections therein which might be necessary. And by the 15th clause of the Indenture now in recital it was provided that all moneys whatsoever (except certain moneys covenanted by the said Indenture of the 21st November 1855, or the Indenture now in recital to be otherwise paid), received by or on account of the said railway company in India, should be paid at such times and in such manner as the Secretary of State in Council should direct, without any deduction under any pretence whatsoever, into the Treasury of the Government at Bombay, to an account to be kept separately, and to be called "The Revenue Account" of the Bombay, Baroda, and Central India Railway Company; and when any money should be required by the said railway company for any purposes sanctioned by the Secretary of State in Council, such money might be drawn by the said railway company according to such arrangements as should from time to time be made with the Secretary of State in Council for that purpose. And by the 19th clause of the Indenture now in recital it was provided, that the said railway company should at all times during the said determinable term, convey on the said lines of railway the Government mails and post-bags, and the guards and other servants of the Post Office in charge thereof, free of charge, and when they were on duty all officers and persons in the administration of the Post Office, also free of charge, and would also convey on the said railways, when they were on duty, the troops, both horse and foot, of Her Majesty, and all other persons to whom the provisions of the Mutiny Acts and Regulations or Acts for the time being in force for the Queen's European and Indian forces respectively should be applicable, and all artizans on the business of the Government, the officers and persons of similar station in life to be entitled to travel in first-class carriages at second-class fares, and the troops and European artizans in second-class carriages at the lowest fares, and all other persons at the lowest fares; and would also convey on the said railways all general stores belonging

belonging to the Government, and all guns, ammunition, horses and other animals used for military purposes, and all military stores, carriages, waggons, camp equipage, and equipments whatsoever, at the lowest rate for the time being chargeable for the carriage of such animals, goods, and merchandize, the several privileges of conveyance and carriage thereby stipulated for being at all times to be used and enjoyed in preference to and priority over the public use of the said lines of railway for conveyance and carriage. And by the 20th clause of the same Indenture now in recital it was provided, that at the end of the said term of 99 years by effluxion of time, the land provided and to be provided in pursuance of the said Indenture of the 21st day of November 1855 and of the Indenture now in recital, with the railways thereon respectively, and all buildings, works, fixed machinery, telegraphs, and conveniencies whatsoever, should revert to and become the property of Her Majesty, for the purposes of the Government of India, free from all debts and charges whatsoever (save such as should have been sanctioned by the East India Company or the Secretary of State in Council), and the said railway company should deliver to the Secretary of State in Council, for the purposes of the Government of India, all plans, drawings, sections, books, printings, writings, drawings, and documents whatsoever in anywise connected with the undertaking and affairs of the said railway company, and the said railway company should sell, and the Secretary of State in Council should purchase on behalf of Her Majesty, for the purposes of the Government of India, all the engines, carriages, stock, machinery, and plant which should then be used in working the said railways, or otherwise in connection therewith respectively, for such sum of money as should be the fair value thereof, the same to be determined in case of difference by a valuation to be made by referees, or their umpire, to be respectively appointed in the usual manner; and the Secretary of State in Council should pay, out of the revenues of India, to the said railway company in London, the sum of money to be so determined within four months after such determination, with interest thereon at the rate of 5 l. per cent. per annum from the expiration of the said term of 99 years. And by the 21st clause of the Indenture now in recital it was provided, that after any portions of the said railways constructed and to be constructed under the said Indenture of the 21st day of November 1855, and the Indenture now in recital, should have been finished and in work for three calendar months at least, it should be lawful for the said railway company then or at any time thereafter during the said term of 99 years to give notice in writing of their intention to surrender and relinquish the said railways and works to Her Majesty, for the purposes of the Government of India, on any day to be mentioned in such notice, so that such notice was served at least six calendar months before that day, both on the Secretary of State in Council in London and also on the Secretary of Government at Bombay; and in case of such notice being given, the said railway company should, at the expiration thereof, surrender and relinquish the said railways and works accordingly, together with the telegraphs (if any), and should, with all convenient speed, sell any lands in Great Britain which might then be held by the said railway company for the purpose of their business, and pay the clear monies to be produced by such sale into the Bank of England to the account of the Secretary of State in Council, and should deliver, to the Secretary of State in Council or their agents, on behalf of Her Majesty, for the purposes of the Government of India, the engines, carriages, stock, plant and machinery belonging to the said railways and works respectively, and all plans, surveys, sections, printings, writings, and documents whatsoever connected with the undertaking and affairs of the said railway company, and the premises to be so surrendered and delivered should be thereupon accepted accordingly, it being expressly agreed that the said railways, works, stations, telegraphs, engines, carriages, stock, plant, and machinery should, at the time of such surrender and delivery, be in good working order according to the covenants in that behalf in the said Indenture of the 21st day of November 1855, and the Indenture now in recital respectively contained on the part of the said railway company; and immediately upon such surrender and delivery being made, the Secretary of State in Council should be bound to pay out of the revenues of India to the said railway company the capital expended by the said railway company upon the said railway, works, and premises so to be surrendered and delivered, such expended capital being ascertained and certified

in the manner therein mentioned, together with such parts (if any) of the said capital as should remain in the hands or to the account of the Secretary of State in Council, and to discharge and indemnify the said railway company from all debts and liabilities incurred with the sanction of the East India Company or of the Secretary of State in Council, and thereupon the covenants in the said Indentures of the 21st day of November 1855, the 1st day of February 1859, and the Indenture now in recital contained for payment of interest should cease as from the day upon which the said railways and works were to be accepted, and all claims by the Secretary of State in Council on account of interest on the said railway company should also cease, except that the Secretary of State in Council should be at liberty to retain out of any monies payable to the said railway company the amount of all claims or demands (if any) then existing against the said railway company on their revenue account in respect of their undertaking, and which should not be shown to have been fully satisfied and discharged, until the same should have been shown to have been so satisfied and discharged. And it was provided that the Secretary of State in Council should not be liable to refund any sum expended in the maintenance or working of either of the said lines or any part thereof respectively, after the same should have been opened, which sum was to be provided by the said railway company out of the revenues of the lines and interests as hereinafter provided, or otherwise. And by the 22nd clause of the Indenture now in recital it was provided, that at any time within six calendar months after the expiration of the first 25 years of the said term of 99 years, or at any time within six calendar months after the expiration of the first 50 years of the same term, it should be lawful for the Secretary of State in Council to give notice to the said railway company in London and at Bombay of their intention to purchase on behalf of Her Majesty, for the purposes of the Government of India, the railways and works constructed and to be constructed under the said Indenture of the 21st day of November 1855 and the Indenture now in recital respectively, together with the stations and telegraphs (if any), and the engines, carriages, stock, plant, and machinery belonging to the said railways and works, but subject to such debts and liabilities (if any) as might have been incurred to the East India Company or the Secretary of State in Council (exclusive of any arrears of interest on the capital of the said railway company paid by the East India Company or the Secretary of State in Council under the conditions of the said Indenture of the 21st day of November 1855, and the Indenture now in recital which should not have been repaid), or to any other person or persons with the sanction of the East India Company or the Secretary of State in Council, and to interest on such of the said debts as carried interest from the day on which possession should be taken of the said railways, but not from any earlier time; and thereupon at the half-yearly day next but one following such notice, the land provided or to be provided as aforesaid, with the railways thereon, and all buildings, stations, works, fixed machinery, telegraphs, and conveniences whatsoever, should revert to and become the property of Her Majesty, for the purposes of the Government of India; and in case any lands in Great Britain should then be held by the said railway company for the purpose of their business, the same should be sold and the clear monies to be produced by such sale shall be paid into the Bank of England to the account of the Secretary of State in Council of India, and the said railway company should at the same time deliver to the Secretary of State in Council or their agents, on behalf of Her Majesty, for the purposes of the Government of India, the engines, carriages, stock, plant, and machinery belonging to the said railway and works, and all the plans, surveys, sections, books, printings, drawings, writings, and documents whatsoever in any way connected with the undertakings and affairs of the said railway company, and the Secretary of State in Council should be bound to pay out of the revenues of India in London, on the said half-yearly day for the purchase of all the said premises, a sum equal to the full amount of all the value of all the shares and capital stock in the said railway company then issued or created for raising capital for the purposes of the Indenture of the 21st day of November 1855 and the Indenture now in recital, or of either of the said Indentures, calculated according to the mean market value in London of such shares or stock during the three years immediately preceding the expiration of the said period of 25 years, or the said period of 50 years, as the case might be, and should also be bound to indemnify

indemnify the said railway company against all debts and liabilities (if any) as they might have incurred to or with the sanction of the East India Company or the Secretary of State in Council, and as should be then subsisting, and thereupon the covenants in the said Indentures of the 21st day of November 1855 and the 1st day of February 1859, and thereinbefore contained for payment of interest should cease. And by the 23rd Clause of the same Indenture now in recital it was provided, that if default should be made by the said railway company in the raising and payment of the said sums of 500,000 £. and 250,000 £., in pursuance of the said Indentures of the 21st day of November 1855 and the 1st day of February 1859, or of the said sum of 1,000,000 £., or any of the instalments thereof respectively, or such further capital as should be required for the construction of the railways constructed and to be constructed under the said Indenture of the 21st day of November 1855 and the Indenture now in recital, or in the due application of any monies drawn from the Treasury in London or in India, or in the execution of the said railways and works conformably with the covenants in that behalf in the said Indenture of the 21st day of November 1855 and thereinbefore respectively contained, or in case the said railways should not be worked to the satisfaction of the Secretary of State in Council, or in case of any other breach on the part of the said railway company of any of the covenants of the said Indenture of the 21st day of November 1855 and thereinbefore respectively contained, it should be lawful for the Secretary of State in Council, on giving to the said railway company at Bombay three calendar months notice of their intention in that behalf, to terminate the interest of the said railway company in the said land, railways, telegraphs, and works to be taken, constructed, and made under the said Indenture of the 21st day of November 1855 and the Indenture now in recital, and on behalf of Her Majesty, and for the purposes of the Government of India, to assume possession of the said lands, railways, telegraphs, and works respectively, and of all or any of the engines, carriages, stock, plant, and machinery provided for the same, and all plans, surveys, sections, books, printings, drawings, writings, and documents whatsoever in anywise connected with the said lines of railway, and in that case any lands in Great Britain which might then be held by the said railway company for the purposes of their business, should, with all convenient speed, be sold, and the clear money to be produced by such sale should be paid into the Bank of England to the account of the Secretary of State in Council of India, and in case of such notice being given, the Secretary of State in Council should be liable to repay out of the revenues of India, within six calendar months after the expiration of such notice, to the said railway company in London, the capital expended by the said railway company upon the said railway and works, ascertained and certified as thereinbefore was mentioned, after a proper deduction for all debts and liabilities then affecting the said railway company or the property of the said railway company, the money so to be repaid to include so much (if any) of the capital of the said railway company as should then remain in the hands or to the account of the Secretary of State in Council, and also to discharge, exonerate, and indemnify the said railway company from all debts, obligations, and liabilities for the works and expenditure undertaken with the sanction of the East India Company or of the Secretary of State in Council, and thereupon the covenants in the said Indentures of the 21st day of November 1855 and the 1st day of February 1859, and thereinbefore respectively contained for payment of interest should cease, and all claims by the Secretary of State in Council on the said railway company should also cease, the intention of that Indenture for the purposes intended to be provided for by that clause being that the said railway company should under all circumstances receive back their capital expended with such sanction as aforesaid, with interest at the rate or rates agreed or thereafter agreed to be paid on the same, and that such re-entry and assumption of possession and the exercise by the Secretary of State in Council of the powers and authorities by that clause given to them should be the only penalty to which the railway company should be liable in case of default in raising sufficient capital for the purposes of the said Indenture of the 21st day of November 1855 or of the Indenture now in recital, or in constructing and working the said railways and works to the satisfaction of the Secretary of State in Council. And by the 24th clause of the Indenture now in recital it was provided, that if default should be made by the said railway company after the

said lines of railway constructed and to be constructed under the said Indenture of the 21st day of November 1855 and the Indenture now in recital, or any portion thereof, should have been opened, in their covenants to keep the said railways and works, or such part thereof as should have been completed and opened for traffic, in repair and condition for the space of one calendar month next after notice in writing in that behalf from the Secretary of State in Council to the said railway company at Bombay, it should be lawful for the Secretary of State in Council, by their agents, to enter on the said lines of railways and works, and do and execute all such works as might be required for fulfilling the said covenants, and to charge the expenses of the same against the said railway company by setting off the amount of such expenses against any money then payable or which should thereafter become payable for interest under the said Indentures of the 21st day of November 1855 and the 1st day of February 1859 and the Indenture now in recital, which interest should in such case to that extent be respectively considered as paid and satisfied by such set off or retainer, and should for all the purposes of the said Indentures respectively be regarded and considered as interest actually paid to the said railway company in pursuance of the covenants in that behalf in the said Indentures respectively contained; and if such expenses should not be satisfied by such set off and retainer as aforesaid, then the Secretary of State in Council might set off and deduct the same against and from all or any part of any other moneys which should on any account whatever be or become payable by the Secretary of State in Council to the said railway company. And by the 25th clause of the Indenture now in recital it was provided, that in every or any case in which under the provisions of the Indenture now in recital the Secretary of State in Council should, before the expiration of the said term of 99 years, become bound to repay the capital expended by the said railway company upon the said railways, or otherwise to pay for the purchase of the said railway, works, and stock, as the case might be, it should be lawful for the Secretary of State in Council, instead of paying a gross sum of money in respect of the premises, to declare by notice to the said railway company in London their option to pay an annuity, to be reckoned from the time when the gross amount would be payable, and to continue during the residue of the said term of 99 years, and that in that case such annuity should be payable in London on such two half-yearly days in the year as should be selected by the Secretary of State in Council in that behalf, with a fractional part for any broken half-year, the rate of interest which should be used in calculating such annuity being determined by the average rate of interest during the preceding two years received in London upon public obligations of the East India Company or of the Secretary of State in Council, and which should be ascertained by reference to the Governor or Deputy Governor of the Bank of England for the time being; and it was provided that the aforesaid option should not apply to the undrawn portion (if any) of the capital of the said railway company, which portion was to be repaid to the said railway company with interest, under the provisions in that behalf in the said Indenture of the 21st day of November 1855 and therein-before respectively contained, in case the said railway company should relinquish or be deprived of the said railways and works as aforesaid. And it was by the 27th clause of the Indenture now in recital provided, that any notice, direction, requisition, certificate of opinion, approval, or sanction to be given or signified on the part of the Secretary of State in Council for any of the purposes of the Indenture now in recital should be sufficient and binding if signed by the Secretary of State for India or one of his Under Secretaries of State, or any three members of the Council of India, or by the Secretary of the Government at Bombay, or by any officer or servant of the Secretary of State in Council duly authorised to act on behalf of the Secretary of State in Council in respect of the matters to which the same should relate, and that the Secretary of State in Council should not in any case be bound in respect to the matters aforesaid, unless by some writing signed in the manner before mentioned. And it was by the 28th clause of the Indenture now in recital provided that the said railway company should keep an office of the said railway company at all times thereafter during the said term established in Bombay, or such other place or places in India as should be agreed upon between the Secretary of State in Council and the said railway company; and the said railway company should keep at the said office an authorised agent or agents with whom

whom the Secretary of State in Council and the Government of India might communicate on affairs concerning the said railway; and all drafts drawn by the said agent or agents, and all receipts of and acts done by such agent or agents on behalf of the said railway company, or concerning the said railway, works, and stock, should be binding on the said railway company, and every notice to be given to the said railway company should be sufficiently given if left at the said office or personally served on such agent or agents. And it was by the 29th clause of the Indenture now in recital provided, that the Secretary of State in Council should promote the passing by the Governor General of India in Council of any Act or Acts which should be necessary or convenient for enabling the said railway company to fulfil in India the objects of the undertaking according to the terms and conditions of the Indenture now in recital:

And whereas by the said Act of Parliament of the 22nd and 23rd years of Her Majesty the said Act of the 18th and 19th years of Her Majesty was repealed; and it was provided that notwithstanding such repeal the said railway company should be and continue, as from the time of the original incorporation thereof, incorporated by the name of "The Bombay, Baroda, and Central India Railway Company," with power to make, maintain, regulate, work, and use the railway then being constructed under the provisions of the said Indentures of the 21st day of November 1855 and the 2nd day of February 1859, and any other railways by the Act now in recital authorised to be made and maintained. And it was thereby also provided that the hereinbefore recited Indenture should remain in force, and that the said railway company might from time to time negotiate for, conclude, and enter into with the Secretary of State in Council, and carry into effect, contracts and agreements with respect to all or any of the matters therein particularly mentioned, which included powers to make and enter into all the agreements and stipulations hereinafter contained:

And whereas divers sums of money in addition to the sums so as aforesaid authorised to be raised have at different times under different contracts been raised by the said railway company, with the sanction of the Secretary of State in Council, for the purposes of their undertaking, by the issue of shares and on loan, and the total amount of the capital authorised to be raised by shares is the sum of 5,650,000 £. and the total amount authorised to be so raised on loan or by loan convertible into shares is the sum of 1,850,000 £.:

And whereas both the said lines from Surat to Baroda and from Bombay to Surat have been completed and opened:

And whereas the Secretary of State in Council some time since authorised the extension of the railway from Ahmedabad to the other side of the Suburmattee River as part of the undertaking of the Company, and to be made with capital authorised for the general undertaking, and such line has been completed and opened for traffic:

And whereas the Secretary of State in Council has agreed to co-operate with the said railway company in the construction of an extension line of railway, to commence at or near Ahmedabad, and to proceed to Veerungaum and Wadwan. And it was on the treaty for such co-operation agreed that the existing arrangements between the Secretary of State in Council and the said railway company for the application of the net receipts of their railways should be altered in the manner hereinafter appearing, and that the Secretary of State in Council should relinquish, in manner hereinafter appearing, his power under the said existing contracts of purchasing the said railways and works at the expiration of the first 25 years of the said term of 99 years:

And whereas the said railway company has, with the sanction of the Secretary of State in Council, issued 30,000 shares of the nominal amount of 20 £. each, equivalent to the sum of 600,000 £., at a premium of 12 s. for each such share, and has paid such premium, amounting to the sum of 18,000 £., into the Bank of England to the credit of the Secretary of State in Council, which said sum of 18,000 £. is intended to be called unguaranteed capital, and is not intended to carry interest:

And whereas the covenants hereinafter entered into on the part of the Secretary of State in Council are entered into with the concurrence of a majority of votes at a meeting of the Council of India:

Now THIS INDENTURE WITNESSETH, That the said railway company do hereby, for themselves and their successors (so far as the covenants and agree-

ments hereinafter contained or referred to are to be observed and performed by them), covenant with the Secretary of State in Council, and the Secretary of State in Council doth hereby (so far as the covenants and agreements hereinafter contained or referred to are to be observed and performed by the Secretary of State in Council for the time being), covenant with the said railway company and their successors in manner following; (that is to say),

Selection of line.

1. That it shall be lawful for the Secretary of State in Council to determine, fix upon, and select the route and direction of a line of railway to commence at or near the River Suburmuttec, and to proceed to Vecrumgaum and Wadwan, with a view to form a junction with the said line from Bombay to the Suburmuttee river, and that such selected line of railway, of the estimated cost in the whole of 618,000 £. sterling or thereabouts, shall be completed by the said railway company and opened for the conveyance of passengers and goods with all practicable speed.

Notice of line.

2. That the Secretary of State in Council shall give notice to the said railway company of the line when so selected as aforesaid, or of any part or parts thereof, as such part or parts shall from time to time be fixed upon, and it shall be lawful for the Secretary of State in Council from time to time to alter the said route or direction, or to extend or limit the same, as he shall think fit, after such notice as aforesaid: Provided always, that if such alteration shall be made after the railway shall have been commenced in a previously selected route or direction, the expense of such railway and the expense in any way incidental to such alteration shall be considered as properly incurred by the said railway company.

Land.

3. That the Secretary of State in Council shall, after the selection of the route and direction of the said extension line, or any part or parts thereof, and from time to time as may be necessary, provide the land which shall be required for the same line of railway, or for the part or parts thereof so selected, and for proper stations, offices, warehouses, fixed machinery, and other works and conveniences as mentioned in the next clause hereof, and shall give to the said railway company possession thereof, and that all land of which possession shall be so given to the said railway company which shall not be permanently required for the purposes of the said railway company shall as soon as practicable be restored by them.

Works.

4. That the said railway company shall, on receiving possession of the same land, or any part thereof, forthwith and subject to the supervision and control hereinafter prescribed or referred to, commence and proceed with diligence in the construction of the said extension line, and of all such stations, offices, warehouses, fixed machinery, and other works and conveniences, as in the opinion of the Secretary of State in Council (such opinion to be certified in writing) shall be necessary or expedient, as well with reference to the construction of such line and the working thereof, as with reference to the permanent making thereof and its protection from injury or destruction by inundation, tempests, or other causes whatsoever, and such line shall be made at such gradients, and shall be furnished with rails of such weight and strength, and laid down and secured in such manner, and shall consist either of a single or double line of railway, as the Secretary of State in Council shall in writing direct. And shall, if required by the Secretary of State in Council, and at such time or times as the Secretary of State in Council shall in writing require, be provided with an electric telegraph constructed along all or such part or parts of the said extension line, and upon such principle and under such regulations, as to its use and the terms of its use, as the Secretary of State in Council shall in writing direct or approve of. And the said railway company shall from time to time attend to, execute, and perform all such directions in writing as may from time to time be given by the Secretary of State in Council, for any deviations from or alterations in any directions or requisitions previously made or given with respect to the premises, and the said railway company shall, so soon as such extension line shall be completed for such a distance as in the opinion of the Secretary of State in Council shall be desirable, open the same for the conveyance of passengers and goods.

Opening.

5. That it shall be lawful for the Secretary of State in Council from time to time, by notice in writing to the said railway company, to require any specified part

part or parts of the said extension line to be completed as aforesaid, and to be opened for the conveyance of passengers and goods before the remaining part or parts thereof shall be constructed, and such requisitions shall be complied with and fulfilled by the said railway company.

6. That the said railway company shall pay into the Bank of England, to the credit of the account of the Secretary of State in Council of India, such sums of money as shall make up the sum of 600,000 £., by such instalments and at such times as the Secretary of State in Council may require, having regard to the amount of uncalled-up capital then available for that purpose, and also that no such instalment shall be required to be paid without an interval of at least two calendar months from the payment of the last preceding instalment, and such payments may be made in sums of not less than 5,000 £. each in London: Provided also, that if the said railway company shall receive any portion of their capital already subscribed or hereafter to be subscribed in India, it shall be lawful for them to pay the amount so received in sums of not less than 5,000 rupees into the Treasury at Bombay in or towards satisfaction of the instalments aforesaid, and the acknowledgment of such respective payments there shall, when produced to the Secretary of State in Council in London, be considered and taken in part satisfaction and as made on the days of payment thereof respectively of the said sum of 600,000 £., at the exchange of 1 s. 10 d. for each company's rupee: Provided always, that such payments into the Treasury at Bombay shall never exceed the amount which may from time to time be required for expenditure in India, such limit being determined upon by the Secretary of State in Council. Money capital.

7. That as often as and when any money shall be required by the said railway company for any works or purposes which shall have been sanctioned by the Secretary of State in Council, and which are about to be executed or in course of execution, or have already been performed to the satisfaction of the Secretary of State in Council, such moneys may be drawn in such sums as shall from time to time be necessary by the said railway company in London, or their authorised agent in India hereinafter mentioned, from the Treasury of the Secretary of State in Council or of the Government of Bombay, according to such arrangements as shall be made from time to time with the Secretary of State in Council for that purpose, but ten days' notice of every such draft or proposed draft shall be given to the said treasuries respectively; and all sums of money which shall be so drawn at Bombay shall be set off at the exchange of 1 s. 10 d. for each company's rupee against the moneys which for the time being shall have been paid into the treasury of the Secretary of State in Council or into the Bank of England to the credit of the Secretary of State in Council of India; and the said railway company shall not in any case be entitled to draw on the treasury in London or at Bombay to an extent greater than the balance in their favour for the time being. Drafts on capital.

8. That when and so soon as the said extension line, or any part or parts of the said railway which shall have been required by the Secretary of State in Council to be completed before the construction of the other parts, shall be completed and ready to be opened for the use of the public, and so from time to time as any such part thereof shall be so completed and ready to be opened, the said railway company will, subject to the supervision and control hereinafter mentioned or referred to, provide to the satisfaction of the Secretary of State in Council a good and sufficient working stock of engines, carriages, and other plant and machinery for working such line, or such part or parts thereof as shall have been completed as aforesaid, and carrying on the business and traffic of the same. And the said railway company will forthwith commence and carry on the business of common carriers of goods and passengers upon such line, or such part or parts thereof as aforesaid, and for that purpose shall cause to be run on the same so many trains, at such times, and at such rates of speed, and between such places, and with such conveniences and accommodations as the Secretary of State in Council shall from time to time require; and the said railway company will allow the use of the same to the public, on such terms as shall be approved by the Secretary of State in Council; and the said railway company shall be authorised to charge such fares for the carriage of passengers and goods, and such rates for telegrams, and such tolls as shall Plant, fares, and tolls.

have been approved by the Secretary of State in Council, and shall not in any case charge any higher or different fares, rates, or tolls whatsoever without such approval being first obtained; but the fares, rates, or tolls to be taken under these presents shall, when such net receipts as are hereinafter mentioned, shall in any year have exceeded 10 per cent. upon the whole outlay, be reduced in accordance with any requisition of the Secretary of State in Council in that behalf, but only with a view of limiting the said fares, rates, and tolls, so far that the net receipts shall not exceed 10 per cent. as aforesaid.

Title to land.

9. That upon the completion of the said extension line, or of any part or parts thereof which shall have been required by the Secretary of State in Council to be completed before the construction of the remaining part, the Secretary of State in Council will grant or procure to be granted to the said railway company a lease of, or otherwise secure to them a right and title to the land which shall have been provided under the provisions hereinbefore contained, or of so much thereof as shall be required for the completed line, and for the works and conveniences thereto belonging, for a term of 99 years, commencing from the 1st day of May 1855, unless the same shall be determined under the provisions herein mentioned or referred to; and the Secretary of State in Council shall guarantee to the said railway company the right to and possession of such land as against any claimant, but shall not be called upon to show any title thereto.

Time within which the line is to be completed.

10. That the Secretary of State in Council may from time to time during the construction of the said extension line give to the said railway company, their officers, servants, and agents, all such orders and directions as the Secretary of State in Council shall think fit with reference to the time, cost, and manner within, at, and in which the said extension line and the works connected therewith, or any part thereof, shall be constructed, carried on, and completed, and the said railway company will strictly comply with, execute, and perform all such orders and directions.

Capital account during construction.

11. That during the construction of the said extension line the capital account relating to the construction thereof, and of the works, conveniences, and telegraphs thereto belonging, and relating to the original cost of engines and carriages, and the plant and machinery, shall be kept by the said railway company, to which account all moneys paid by the said railway company (the expenditure of which shall have received the sanction and approval of the Secretary of State in Council) shall from time to time be carried; and when and so soon as the said extension line shall have been completed and furnished with the necessary rolling stock and plant, or at any earlier time or times, if occasion shall require, the said capital account shall be made up, and a statement shall be furnished to the Secretary of State in Council of the aggregate amount of capital which, according to such account, shall have been expended, and such amount shall, by examination of such account, be ascertained and certified by the Secretary of State in Council.

Revenue during construction.

12. That all monies whatsoever received by the said railway company from the said extension line shall be paid and applied in the same manner as is directed by the said 15th clause of the said Indenture of the 2nd day of February 1859.

Guarantee of interest.

13. That in addition to the interest now payable or hereafter to be payable by the Secretary of State in Council on the capital of the said company, the Secretary of State in Council will from time to time, during the said determinable term of 99 years, pay to the said railway company in London half-yearly, on the 30th day of June and the 31st day of December in every year, interest at the rate of five per cent. per annum, on the said sum of 600,000 £. to be raised as aforesaid, or on such part thereof as shall for the time being have been paid in London or Bombay as aforesaid, such interest upon any part of the said sum being considered in the first instance as running from the day on which the same part shall have been so paid.

Unguaranteed capital.

14. That the Secretary of State in Council shall not pay or guarantee any interest upon the said sum of 18,000 £., being the aggregate amount of the premiums paid for the said 30,000 shares as aforesaid, nor upon any further amount

amount that may be raised as unguaranteed capital under the next succeeding clause; but the said sum of 18,000 £, together with any such addition thereto as aforesaid, shall in all other respects be treated as capital, and be applicable for all the purposes for which the said sum of 600,000 £ upon which interest is hereby covenanted to be paid is or shall be applicable.

15. That if the expenditure of the said railway company in making the said extension line or otherwise in respect of the matters to be included in the said capital account shall exceed the said sum of 600,000 £. plus 18,000 £, the amount of premiums or unguaranteed capital, the monies necessary to meet such excess shall be raised and paid by the said railway company into the Bank of England, to the credit of the account of the Secretary of State in Council of India, and the Secretary of State in Council shall from time to time, during the then residue of the said determinable term of 99 years, pay to the said railway company half-yearly, on the days aforesaid, interest on such monies, except so much thereof as shall be raised by unguaranteed capital, if any such there be, at such rate as shall be agreed upon, to be calculated from the respective times when they shall have been so paid as aforesaid.

Excess above
618,000 £.

16. That if after the said extension line and works, including the telegraphs, if required, shall have been completed and furnished with adequate working stock, the whole of the said sums of 600,000 £. and 18,000 £. raised by the said railway company for the said extension line shall not have been required, the surplus thereof, including such a proportion of the sum which shall then be standing to the account of unguaranteed capital as the sum of 18,000 £. bears to the sum of 600,000 £., or in case additional capital beyond the aforesaid sums of 600,000 £. and 18,000 £. shall have been raised for that purpose, the surplus of the last issue of capital so raised, including such a proportion of the unguaranteed capital (if any) raised in connection with such last raised capital, and which shall be unexpended, as the whole amount of the guaranteed capital so last raised shall bear to the whole amount of the unguaranteed capital so last raised as aforesaid, shall, to the extent to which the same respectively shall have been received by the Secretary of State in Council, be refunded by the Secretary of State in Council to the said railway company in London, with such interest as shall be due on the guaranteed capital at the time, and thereupon the aforesaid covenant for payment of interest shall no longer apply to the guaranteed capital which shall have been so refunded.

Return of surplus
over capital
required for
extension line.

17. That if at any time the said railway company shall fail, either as regards time, cost, or any other circumstance or thing, in constructing or in carrying on to completion the said extension line, and the works connected therewith, to the entire satisfaction of the Secretary of State in Council, and conformably in all respects with the orders and directions to be given for that purpose by the Secretary of State in Council as hereinbefore is mentioned, then and in such case it shall be lawful for the Secretary of State in Council, or some officer authorised by him, on giving to the said railway company at Bombay, or other the place of their office in India, three calendar months' notice of his intention in that behalf, to terminate the interest of the said railway company in the said extension line, and the lands and works connected therewith, and on behalf of Her Majesty, and for the purposes of the Government of India, to assume possession of the same land and works, and of all or any of the engines, carriages, stock, plant, and machinery specially provided for the same, or belonging thereto; and all plans, surveys, sections, books, printings, drawings, writings, and documents whatsoever in anywise solely provided for the same extension line or relating thereto; and in such case the Secretary of State in Council shall be liable to repay out of the revenues of India, within six calendar months after the expiration of such notice, to the said railway company in London, the capital expended by the said railway company upon the said line and works, ascertained and certified as hereinbefore is mentioned, after a proper deduction for all debts and liabilities then affecting the said railway company in respect of the said extension line, the money so to be repaid to include so much (if any) of the capital of the said railway company raised for the purposes of the said extension line as shall then remain in the hands or to the account of the Secretary of State in Council, and also to discharge, exonerate,

Power of re-entry
on extension line
during construc-
tion.

and indemnify the said railway company from all debts, obligations, and liabilities for the works and expenditure undertaken with the sanction of the Secretary of State in Council, in respect of the said extension line; and thereupon the covenants hereinbefore contained for payment of interest shall cease, and all claims by the Secretary of State in Council on the said railway company in respect of the said extension line shall also cease, the intention of this Indenture for the purposes intended to be provided by this clause being that the said railway company shall under all circumstances receive back their capital expended with such sanction as aforesaid on the said extension line, with interest on such portion of the capital as is intended to carry interest, at the rate or rates agreed or hereafter agreed to be paid on the same, and that such re-entry and assumption of possession of the said extension line, and the exercise by the Secretary of State in Council of the powers and authorities by this clause given to him, shall be the only penalty to which the said railway company shall be liable in case of default in constructing the said extension line to the satisfaction of the Secretary of State in Council: Provided always, and it is hereby expressly declared, that nothing in this clause contained shall in anywise prejudice or affect the power of re-entry by the said Indentures of the 21st day of November 1855 and the 2nd day of February 1859 given to the Secretary of State in Council on the said original lines of railway on such default being made by the said railway company as is therein mentioned.

Repayment
of capital.

18. That if the Secretary of State in Council shall under the clause last hereinbefore contained become bound to repay the capital expended by the said railway company upon the said extension line and works, it shall be lawful for the Secretary of State in Council, instead of paying a gross sum of money in respect of the premises, to declare by notice to the said railway company in London his option to pay an annuity, to be reckoned from the time when the gross amount would be payable, and to continue during the residue of the term of 99 years hereby agreed to be granted; and in that case such annuity shall be payable in London on such two half-yearly days in the year as shall be selected by the Secretary of State in Council in that behalf, with a fractional part for any broken half-year, the rate of interest which shall be used in calculating such annuity being determined by the average rate of interest during the preceding two years received in London on public obligations of the East India Company or the Secretary of State in Council, and which shall be ascertained by reference to the Governor or Deputy Governor of the Bank of England for the time being.

Recital clauses of
Indentures of 21st
November 1855
and 2nd February
1859, except 20,
21, and 22, to
apply to extension
line till completion.

19. That besides the clauses hereinbefore contained which relate to the said extension line during its construction, all the clauses contained in the said Indentures of the 21st November 1855, and the 2nd day of February 1859, which are hereinbefore set forth, except the 20th, 21st, and 22nd Clauses, shall apply to the said extension line until its completion, or until the earlier determination of this contract under Clause 17 of these presents; and all such clauses, except as aforesaid, shall during such period be abided by and observed by the Secretary of State in Council and the said railway company, and take effect as to the said extension line and its capital and incidents, just as if such extension line and its capital and incidents had, *mutatis mutandis*, been part of the line agreed to be constructed under the last-mentioned Indenture, and of its capital and incidents: Provided always, that in case of default by the said railway company in the execution of the railway and works as mentioned in the 23rd Clause of the same Indenture, the Secretary of State in Council shall not have power to terminate the interest of the said railway company in all their undertaking as provided by the last-mentioned clause, but only in the said extension line as provided by the clause last hereinbefore contained; but the said 23rd Clause shall in all other respects during such period as aforesaid apply to and have effect as to the said extension line in the manner hereinbefore provided; and that when and so soon as the said extension line shall have been opened for public traffic, with the sanction of the Secretary of State in Council, then and thenceforth the said original lines and the said extension line shall be treated and considered as one undertaking, with the same capital and incidents, and then and thenceforth all the clauses of the said Indenture of the 2nd day of
February

February 1859 which shall apply to the said original lines, and every other contract and stipulation between the Secretary of State in Council and the said railway company which shall then relate to or affect the same lines, shall apply to and have effect as to the said extension line and works hereby agreed, to be made, and as if such extension line were part of the said original lines, and Clauses 10, 11, and 17 of these presents shall thereupon cease to have any operation for any purpose whatsoever: Provided always, that nothing in this clause contained shall in any way alter or affect the rate of interest payable by the Secretary of State in Council, or the capital raised for the said extension line.

20. That henceforth during the said determinable term of 99 years the whole net receipts which shall be realised during any half-year from all railways and works belonging to the said railway company, including the railway and works to be constructed in pursuance of these presents, or from any of them, or any part thereof respectively, after deducting all sums which shall have been expended in the repairs and maintenance of the said railways and works, and the repairs and restoration of the rolling stock and plant belonging thereto, and the management and conduct of the company and its affairs, and which shall have been allowed or sanctioned by the Secretary of State in Council, and also deducting such sums (if any) as with the consent of the Secretary of State in Council may have been appropriated and set apart for repairing, restoring, and making good any deterioration of the said railways and works, or stock and plant, and for the current expenses of working the said railways, the money (if any) to be so appropriated and set apart as a reserved fund, or any part thereof, being invested and accumulated or otherwise dealt with till required for application in any manner the said railway company may think fit, subject to the sanction and approval of the Secretary of State in Council, shall be applied in the first place in or towards discharge of the interest which shall be payable by the Secretary of State in Council under the covenants for that purpose contained in the hereinbefore recited Indentures in respect of such half-year, so as to exonerate the Secretary of State in Council, so far as the same net receipts will extend, from the payment of such interest, the money to be so applied being reckoned at the exchange of 1 s. 10 d. per company's rupee, and the residue (if any) of such net receipts shall be applied in manner following (that is to say), one moiety or half part thereof shall be forthwith paid to the Secretary of State in Council as part of the revenues of India, and the other moiety or half part of the said surplus net receipts shall be paid to or applied for the use and benefit of the said railway company: Provided always, that the provision hereinbefore made for the application of the said residuary or surplus net receipts shall henceforth be substituted for and supersede every provision as to the application of the residuary or surplus net receipts contained in the hereinbefore recited Indentures or in any contract now subsisting between the Secretary of State in Council and the said railway company, and every such provision as last aforesaid shall, from the date of these presents, cease to have any effect. And further, that the Secretary of State in Council shall, except as provided by this present clause, cease to be entitled to be repaid under any circumstances whatsoever any part of the money which he may have paid or may hereafter pay to the said railway company for interest on money paid or payable by him under any of the aforesaid Indentures or these presents.

Clause altering prior contracts as to net receipts.

21. That the Secretary of State in Council will not exercise the powers vested in him under the said Indentures of the 21st day of November 1855 and the 2nd day of February 1859, or either of such Indentures, of purchasing the said railways and works within six calendar months after the expiration of the first 25 years of the said term of 99 years by the same Indentures respectively agreed to be granted, but will relinquish and give up such powers.

Relinquishment of power of Government to purchase the railway and works after first 25 years.

22. That all the covenants and provisions of the said Indentures of the 21st day of November 1855 and the 2nd day of February 1859 respectively, so far as the same are subsisting and capable of taking effect, and are not rescinded or modified by Clauses 20 and 21 hereinbefore contained, and in particular the powers of the Secretary of State in Council to purchase the said railways and works at

Covenant and provisions of previous Indentures not rescinded.

any time within six calendar months after the expiration of the first 50 years of the said term, shall remain in full force and have effect as if these presents had not been executed.

In witness whereof Sir Henry Rawlinson, K.C.B., and Sir James Weir Hogg, Baronet, being two Members of the Council of India, have set their hands and seals, and the said Railway Company have caused their common seal to be affixed, the day and year first above written.

Signed, sealed, and delivered by Sir Henry Rawlinson and Sir James Weir Hogg, being two Members of the Council of India, in the presence of

Robt. Wickenden,
Drapers' Hall, London.

H. Rawlinson.

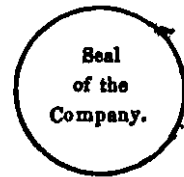


J. W. Hogg.



The Common Seal of the Bombay, Baroda, and Central India Railway Company was hereto affixed, in the presence of

T. T. French, Chairman.
J. A. Baynes, Secretary.



CONTRACT between the SECRETARY of STATE for INDIA in Council and the GREAT SOUTHERN of INDIA RAILWAY COMPANY, dated 12th March 1872.

THIS INDENTURE, made the 12th day of March 1872, between the SECRETARY of STATE in COUNCIL of the one part, and the GREAT SOUTHERN of INDIA RAILWAY COMPANY, incorporated by "The Great Southern of India Railway Act, 1858," which Act has been amended by "The Great Southern of India Railway Amendment Act, 1860" (herein-
"after called the Company"), of the other part.

WHEREAS the company were incorporated by the first-mentioned Act of Parliament, with a capital of 1,000,000 *l.*; for the purpose of affording railway communication to the provinces of Southern India and such other places as they might from time to time determine, by constructing, maintaining, and working railways, and by the performance of all other matters and things incidental or conducive thereto. And by the said Act the company were empowered from time to time to enter into and conclude with the East India Company on account of the Government of India, and to carry into effect such contracts, agreements, and arrangements as the respective parties might think fit and agree upon, for or connected with, or incident to, or respecting all or any or either of the objects and purposes aforesaid; and the said capital was subject to increase by an amount not exceeding 2,000,000 *l.* sterling, for carrying into effect any contract or agreement with the East India Company, by the creation of new or additional shares:

And whereas by an Indenture dated the 1st day of September 1858, and made between the East India Company of the one part, and the company of the other part, it was, amongst other things, agreed that the company should construct and open a line of railway to commence at Negapatam and to proceed to Trichinopoly, the sum raised or to be raised by the company in the first instance as capital being 1,000,000 *l.* sterling, and that the land required for the purpose of the said railway should be provided by the East India Company, and that upon the completion of the said line of railway, or of any part or parts thereof

thereof required by the East India Company to be first completed, the land required for the completed line and for the works and conveniences thereto belonging, should be leased to the company by the East India Company for the term of 99 years from the 1st day of May 1858, determinable by surrender or purchase or re-entry, as in the said Indenture mentioned, and that the East India Company should pay to the Company in London half-yearly during the said determinable term interest at the rate of 5 l. per centum per annum on the said sum of 1,000,000 l. sterling, or on such part thereof as should for the time being have been paid as therein mentioned by the company to the East India Company, and that the monies required for the said railway and works, or otherwise as therein mentioned, in excess of the said sum of 1,000,000 l. sterling, should be raised and paid by the company to the East India Company, and that the East India Company should from time to time during the then residue of the said determinable term of 99 years, pay to the company half-yearly interest on such excess at such rate as might be mutually agreed upon. And it was by the Indenture now in recital provided, that so soon as the company should begin to work the said line of railway, or any part thereof, and the telegraph (if any), and thenceforth during the said determinable term of 99 years, the net receipts which should be realised during any half year, or from the commencement up to the first of the half-yearly days therein mentioned, on the said line of railway or on any part thereof, after making such deductions as were therein mentioned, should be applied in the first place in or towards discharge of the interest which should be payable by the East India Company under the covenants in that behalf therein contained in respect of the said half year, so as to exonerate the East India Company, so far as the same net receipts would extend, from the payment of such interest, and the residue (if any) of such net receipts should be applied as follows: namely, one moiety thereof in the repayment of such sums of money as should at any previous time or times have been paid by the East India Company to the company under the covenants therein contained by way of interest, together with simple interest on such sums of money at the same rate per cent. per annum as the rate of interest which should have been so paid, and such moiety should be paid into the Treasury of the East India Company at Madras, and should be applied in reduction and discharge of the whole of the interest payable to the East India Company on the said sums of money before the same should be applied in liquidation of any part of the principal thereof, and the other moiety of the said surplus net receipts should be paid to or applied for the use and benefit of the company. And if at any time during the said determinable term of 99 years the whole of the monies previously paid by the East India Company as aforesaid, with interest thereon as aforesaid, should have been repaid and discharged, then for every half year during such time and so often as the same should happen the company should be entitled for their own use and benefit to the entirety of the said surplus net receipts (as the case might be) to so much thereof as should remain after such repayment and discharge as last aforesaid should have been made:

And whereas by an Indenture dated the 14th day of February 1860, and made between the Secretary of State in Council (to whom by virtue of the Act for the better Government of India (21 & 22 Vict. c. 106) the rights and liabilities of the East India Company under the said contract had been transferred) of the one part, and the company of the other part, it was expressly declared and agreed that the sum of 500,000 l. sterling should be substituted for the sum of 1,000,000 l. sterling, wheresoever the said last-mentioned sum occurred in the hereinbefore recited Indenture, and that the several covenants, clauses, and provisions of the same Indenture should be construed and take effect as if the said sum of 500,000 l. had been originally inserted in the same Indenture in lieu of the said sum of 1,000,000 l.:

And whereas by the "Great Southern of India Railway Amendment Act, 1860," the company was empowered to borrow such sums on mortgage on the security of their undertaking as therein mentioned, and also from time to time with the sanction of the Secretary of State in Council, and of such number of votes of the shareholders as therein mentioned, to raise by the creation and issue of debenture stock, under the powers but subject to the restrictions of that Act, any sums not exceeding the amount which they were by that Act authorised to borrow, in lieu of borrowing or re-borrowing the same, and in order to pay off monies theretofore borrowed by them under the powers of that Act. And sub-

ject to the provisions of the same Act the company were empowered, with the like sanction of the Secretary of State in Council and of the shareholders, to attach to any such debenture stock, before the issue thereof, any guaranteed interest or dividend, not exceeding 5 per cent. per annum, as to the company should seem fit :

And whereas the company, with the sanction of the Secretary of State in Council, raised the several sums of 90,000 *l.*, 50,000 *l.*, and 26,000 *l.*, making together the sum of 166,000 *l.*, on loan upon mortgages convertible into shares, upon which interest at the rate of 5 *l.* per cent. per annum was guaranteed by the Secretary of State in Council. And by three several Indentures bearing date respectively the 23rd day of August 1860, the 20th day of November 1861, and the 7th day of February 1863, and respectively made between the Secretary of State in Council of the one part, and the company of the other part, the Secretary of State in Council entered into covenants for payment of the principal monies and interest secured by the said mortgages, and for payment of interest at the rate aforesaid on the capital of the company represented by additional shares issued in exchange for the said mortgages as aforesaid :

And whereas by an Indenture dated the 21st day of April 1864, and made between the Secretary of State in Council of the one part, and the company of the other part, it was, amongst other things, agreed that the company should construct a line of railway from the terminus of the said line of Trichinopoly to or near to Errode, the capital raised or to be raised by the company for the purposes of the same Indenture being the sum of 350,000 *l.*, and that the Secretary of State in Council should guarantee interest at the rate of 4 *l.* 15 *s.* per cent. per annum on the said sum of 350,000 *l.*, or on such part thereof as should for the time being have been paid by the company as therein mentioned, and that the land required for the purpose of the same railway should be provided by the Secretary of State in Council, and that upon the completion of the same railway, or of any part thereof which should be required by the Secretary of State in Council to be first completed, the land required for the completed line should be leased to the company by the Secretary of State in Council for 99 years from the date of the Indenture now in recital, determinable by surrender or purchase or re-entry, as in the Indenture now in recital mentioned, the provisions in such Indenture being in most respects, *mutatis mutandis*, similar to the provisions contained in the first hereinbefore recited Indenture ; and in order to carry into effect the intention in the Indenture now in recital expressed, that the said two railways should be made and maintained as one undertaking, with one and the same capital and revenue account, it was by the Indenture now in recital declared that certain of the clauses contained in the first hereinbefore recited Indenture should be superseded by certain clauses contained in the Indenture now in recital :

And whereas by an Indenture bearing even date with the last hereinbefore recited Indenture, and made between the Secretary of State in Council of the one part, and the company of the other part, the Secretary of State in Council guaranteed the payment of a further sum of 150,000 *l.*, with interest at the rate of 4 *l.* 10 *s.* per cent. per annum, which sum was to be raised on mortgages of the company not convertible into shares :

And whereas by a letter to the secretary of the company, dated the 15th day of March 1866, the Secretary of State in Council sanctioned the raising of 50,000 *l.*, with interest at the rate of 5 per cent. per annum, on mortgages of the company convertible into stock, the same sum of 50,000 *l.* constituting the part of the said sum of 150,000 *l.* which had not then been raised :

And whereas the Secretary of State in Council, by a letter to the secretary of the company, dated the 15th day of April 1867, sanctioned the raising by the company of an additional sum of 200,000 *l.*, at interest at the rate of 5 *l.* per cent. per annum, by the issue of shares :

And whereas both the said lines of railway agreed to be constructed under the said indentures of the 1st day of September 1858 and the 21st day of April 1864 respectively, have been constructed and opened, and the whole of the capital as aforesaid agreed to be raised by the company has been raised, the capital of the company being, on the 19th day of August 1871, the sum of 1,221,400 *l.*, of which sum the sum of 1,131,500 *l.* was raised by the issue of shares and stock and conversion of bonds, and the sum of 89,900 *l.* was raised on loan :

And whereas the Secretary of State in Council has lately sanctioned the construction by the company, on the terms hereinafter mentioned, of an extension line of railway to commence at Trichinopoly and to proceed to Tuticorin and Tinnevely, and he has agreed to guarantee interest at the rates hereinafter mentioned on the sum of 1,600,000 £., to be raised in the manner hereinafter mentioned, for the purposes of the said extension line :

And whereas it is intended that the said railways from Negapatam to Trichinopoly, and from Trichinopoly to, at, or near Errode, and the said railway, from some point on the existing railway to be hereafter settled to the port of Tuticorin, to be constructed as aforesaid, shall be and be maintained as one and the same undertaking, with one and the same capital and revenue account, and that the provisions of these presents, as altered and varied from the provisions of the hereinbefore recited Indentures of the 1st day of September 1858 and the 21st day of April 1864 shall, so far as the same can apply, henceforth apply to regulate and govern all the undertakings of the company, and that the provisions of the last-mentioned indenture shall, where the same are inconsistent with or repugnant to the provisions of these presents, cease to have effect, but so as not to alter, prejudice, or effect any guarantee by the Secretary of State in Council of interest or capital raised with his sanction as aforesaid :

And whereas the covenants hereinafter contained on the part of the Secretary of State in Council are entered into with the concurrence of a majority of votes at a meeting of the Council of India :

And whereas it is intended that whenever the words "the original lines" are used in these presents they shall mean the said railways from Negapatam to Trichinopoly and from Trichinopoly to Errode, and the works connected therewith respectively, and that wherever the words "the extension line" are used in these presents they shall mean the said projected railway from Trichinopoly to Tuticorin and Tinnevely, and the works connected therewith, and that wherever the words "the railway" are used in these presents they shall mean and include all the said railways and works :

NOW THIS INDENTURE WITNESSETH, That in consideration of the premises the company do hereby, for themselves and their successors (so far as the covenants and agreements hereinafter contained are to be observed and performed by them,) covenant with the Secretary of State in Council, and the Secretary of State in Council doth hereby (so far as the covenants and agreements hereinafter contained are to be observed and performed on the part of the Secretary of State in Council) covenant with the company and their successors in manner following ; that is to say, —

1. That it shall be lawful for the Secretary of State in Council to determine, Selection of line. fix upon, and select the route and direction of an extension line of railway to commence at a point on the existing railway to be hereafter settled, and to proceed to or near to the port of Tuticorin, and such selected line of railway, of an estimated cost of 1,600,000 £., shall be completed by the company and opened for the conveyance of passengers and goods with all practicable speed.

2. That the Secretary of State in Council shall give notice to the company of the extension line when so selected as aforesaid, or of any part or parts thereof, as such part or parts shall from time to time be fixed upon, and it shall be lawful for the Secretary of State in Council from time to time, after such notice as aforesaid, to alter the said route or direction, or to extend or limit the same, as the Secretary of State in Council shall think fit; provided always, that if such alteration of route or direction shall be made after the extension line shall have been commenced in a previously selected route or direction, the expense of the said line, or in any way incident to such alteration, shall be considered as properly incurred by the company. Notice of line.

3. That the Secretary of State in Council shall, after the selection of the Land. route and direction of the extension line, or of any part or parts thereof, and from time to time as may be necessary, provide the land which shall be required for the same line, or for the part or parts thereof so selected, and the works connected therewith, and for proper stations, offices, warehouses, and other conveniences for the same, and shall give to the company possession thereof, and that all land of which possession shall be so given to the company which shall not be permanently required for the purposes of the railway shall, as soon as practicable, be restored and delivered up by the company to the Government

of India for the use of Her Majesty, her heirs and successors, for the purposes of the Government of India.

Works.

4. That the company shall, on receiving possession of the same land or any part thereof, forthwith, and subject to the supervision and control hereinafter prescribed, commence and proceed with diligence in the construction of the extension line, and of all such stations, offices, warehouses, fixed machinery, and other works and conveniences as, in the opinion of the Secretary of State in Council (such opinion to be certified in writing) shall be necessary or expedient, as well with reference to the original construction of the railway and the working thereof as with reference to the permanent maintenance thereof and its protection from injury or destruction by inundation, tempest, or other causes whatsoever; and the extension line shall be made at such gradients, and shall be furnished with such rails, of such weight and strength, and laid down and secured in such manner, and shall consist either of a single or double line of railway, as the Secretary of State in Council shall, in writing, direct, and shall, if required by the Secretary of State in Council, and at such time or times as the Secretary of State in Council shall, in writing require, be provided with an electric telegraph, constructed along all or such part or parts of the extension line, and upon such principle and under such regulations as to its use and the terms of its use, as the Secretary of State in Council shall, from time to time, in writing, direct or approve of; and the company shall, from time to time, attend to, execute, and perform all such directions, in writing, as may from time to time be given by the Secretary of State in Council for any deviations from or alterations in any directions or requisitions previously made or given with respect to the premises. And the company shall, as soon as the extension line shall be completed for such a distance as, in the opinion of the Secretary of State in Council, shall be desirable, open the same for the conveyance of passengers and goods.

Opening.

5. That it shall be lawful for the Secretary of State in Council, from time to time, by notice in writing to the company, to require any specified part or parts of the extension line to be completed as aforesaid, and to be opened for the conveyance of passengers and goods before the remaining part or parts thereof shall be constructed, and such requisitions shall be complied with and fulfilled by the company.

Money Capital.

6. That of the said sum of 1,600,000 £., being the estimated cost of the extension line, the sum of 1,200,000 £. shall be raised by the issue of shares or of ordinary stock in the company, and the sum of 400,000 £., the residue of the said sum of 1,600,000 £., shall be raised by the issue of perpetual debenture stock, the said shares and ordinary or debenture stock to be issued at a price to be fixed by the Secretary of State in Council, or tenders for the same shares or stock shall be invited, the Secretary of State in Council fixing the terms upon which such tenders shall be accepted; and the company shall pay into the Bank of England, to the account of the Secretary of State in Council, the said sum of 1,600,000 £. when so raised as aforesaid, by such instalments and at such times as the Secretary of State in Council may require, and such payments may be made in sums of not less than 10,000 £. each in London, and all premiums given for shares or stock shall be carried to an account to be headed "capital not bearing interest." Provided always, that if the company shall receive any portion of their capital already subscribed or hereafter to be subscribed in India, it shall be lawful for them to pay the amount so received, in sums of not less than 10,000 rupees, into the Treasury at Madras, in or towards satisfaction of the said instalments; and the acknowledgment of such respective payments there shall, when produced to the Secretary of State in Council in London, be considered and taken as payments on the respective days of payment thereof, in part satisfaction of the said sum of 1,600,000 £., at the exchange of 1 s. 10 d. for each company's rupee. Provided always, that such payments into the Treasury at Madras shall not exceed the amounts which may from time to time be required for expenditure in India, such limit being determined upon by the Secretary of State in Council.

Drafts on Capital.

7. That as often as and when any money shall be required by the company for any purposes sanctioned by the Secretary of State in Council, and in reference to the particular sums from time to time required only so far as such purposes

purposes shall have been performed to the satisfaction of the Secretary of State in Council, or when any money shall be required for the performance of works sanctioned by the Secretary of State in Council while the same shall be in course of execution, such money may be drawn, in such sums as shall from time to time be necessary, by the company in London or at Madras, according to such arrangements as shall be made from time to time with the Secretary of State in Council for that purpose, but 10 days' notice of every such draft or proposed draft shall be given to the Secretary of State in Council or to the Government of Madras, and all sums of money which shall be so drawn at Madras shall be set off at the exchange of 1 s. 10 d. for each company's rupee, against the moneys which for the time being shall have been paid into the Bank of England to the account of the Secretary of State in Council, under the hereinbefore mentioned indentures and these presents, or any of them. And the company shall not in any case be entitled to draw in London or at Madras to an extent greater than the balance in their favour for the time being.

8. That as to the extension line, when and so soon as the same line, or any part or parts thereof which shall have been required by the Secretary of State in Council to be completed before the construction of the other part, shall be completed and ready to be opened for the use of the public, and so from time to time as any such part thereof shall be completed and ready to be opened, and at all times as to the original lines, the company shall and will, subject to the supervision and control hereinafter mentioned, provide to the satisfaction of the Secretary of State in Council good and sufficient working stock of engines, carriages and other plant and machinery for working the railway, or such part or parts thereof as shall have been completed as aforesaid, and carrying on the business and traffic of the same; and shall and will carry on the business of common carriers of goods and passengers upon the railway, and for that purpose shall cause to be run on the same so many trains, at such times and at such rates of speed, and between such places, and with such conveniences and accommodations, as the Secretary of State in Council shall from time to time require. And the company shall allow the use of the railway to the public on such terms as shall be approved by the Secretary of State in Council, and the company shall be authorised and empowered to charge such fares for the carriage of passengers and goods, and such tolls for the use of the railway and telegraphs respectively as they shall think fit; provided such fares and tolls respectively shall never exceed a maximum rate to be from time to time fixed for the same respectively by the Secretary of State in Council, which maximum rates respectively shall, when such net receipts as are hereinbefore mentioned shall in any year have exceeded 10 per cent. upon the whole outlay, be reduced in accordance with any requisition of the Secretary of State in Council in that behalf, but only with a view of limiting the said fares, rates, and tolls, so far that the net receipts shall not exceed 10 per cent. as aforesaid.

Plant, fares, and tolls.

9. That the Secretary of State in Council will, when required so to do by the company, grant to the company a lease of, or otherwise secure to them a right and title to so much of the land which has been or shall be provided under the provisions of the said indentures of the 1st day of September 1858, the 21st day of April 1864, or these presents, as is or shall be required for the completed railway, and for the works and conveniences thereto belonging, for a term of 99 years, commencing from the 1st day of January 1864, unless the same shall be sooner determined under the provisions herein contained, and the Secretary of State in Council shall guarantee to the company the quiet and undisturbed possession of such land, but shall not be called upon to show any title thereto.

Title to land.

10. That the Secretary of State in Council may from time to time, during the construction of the extension line, give to the company, their officers, servants, and agents, all such orders and directions as the Secretary of State in Council shall from time to time think fit, with reference to the time, cost, and manner within, at, and in which respectively the extension line or any part or parts thereof shall be constructed, carried on, and completed, and the company will strictly comply with, execute, and perform all such orders and directions; and the company, and their officers, servants, and agents, as also their accounts and affairs, shall in all things be subject to the superintendence and control of the

Supervision. Government Director may be appointed. His powers and privileges.

Secretary of State in Council, as well in England as elsewhere, and in particular that no bye-laws, contracts, orders, directions, proceedings, works, or undertakings, acts, matters, or things whatsoever, shall be made, done, entered into, commenced, or prosecuted by or on the part of the company, unless previously sanctioned in writing by the Secretary of State in Council or in some other manner to be prescribed by the Secretary of State in Council or by the Executive Government in India; and that no moneys shall be raised by the company by any other means than by calls upon or payments in respect of the shares in the company without the sanction of the Secretary of State in Council in writing, and no extension in the number of shares in the company, or in the amount of its capital, shall be made, unless sanctioned in like manner. And, generally, that it shall be lawful for the Secretary of State in Council from time to time to give to the company, their officers, servants, and agents, all such orders and directions as the Secretary of State in Council shall from time to time think fit with reference to the railway, and with reference to the manner and times of executing the same, and with reference to any contracts, orders, and directions to be entered into, made, or given with regard thereto, and otherwise with reference to the same; all which contracts, orders, and directions shall be executed and followed by the company to the satisfaction of the Secretary of State in Council, the costs and expenses of the same which shall have been allowed and sanctioned by the Secretary of State in Council being paid out of the capital of the company; and that for better enabling the Secretary of State in Council to exercise the control and direction intended to be hereby secured, the company shall record and keep in proper books for that purpose, full and particular accounts of all their transactions and proceedings, including full and true minutes of all their meetings, meetings of directors, communications with India, and correspondence, so as at all times to exhibit thereby fully and truly the state of their affairs and proceedings; and that the Secretary of State in Council, and any person or persons appointed by him in that behalf shall at all reasonable times have free access to all the books, accounts, papers, and documents of the company (except communications between the railway company and their legal advisers), and power to make copies of or extracts from the same, whether such books, accounts, papers, and documents relate to the railway or to any other matters or things whatsoever in which the company shall or may be interested; and for the purposes aforesaid it shall be lawful for the Secretary of State in Council from time to time to appoint any one person, not being a shareholder in the company, to be an *ex officio* director of the company, and to be called the Government Director, which director, if and when appointed, shall rank as and be one of the board of directors of the company, and be entitled in all things to act as such, and to exercise at his discretion a right of veto in all proceedings whatsoever at boards of the said directors, except proceedings for the purpose of communicating with the legal advisers of the company, and shall not be removeable except by order of the Secretary of State in Council, and shall in case the whole number of directors shall at the time of his appointment be filled up, come in and be in the place of the director who shall retire from the direction according to the decision of the board, such decision being taken by ballot, but such Government director shall not be entitled to any salary from the company. Provided always, that the Secretary of State in Council shall not be authorised to appoint any officer or servant connected with the company except such Government director as aforesaid.

Sanction of
expenditure.

11. That all the expenses of the company shall from time to time be stated and submitted to the Secretary of State in Council for sanction and approval, and as between the company and the Secretary of State in Council shall be allowed, so far only as the same shall from time to time have been sanctioned and approved by the Secretary of State in Council: Provided always, that the last-mentioned stipulation shall not interfere with any such subsidiary agreement or agreements (if any) as from time to time may be made between the company and the Secretary of State in Council for the performance of any part or parts of the railway at any sum or sums of money to be specified in such subsidiary agreement or agreements, in which case the expenses in respect of the same shall be allowed and taken at the sum or sums which shall be agreed upon.

12. That

12. That a capital account relating to the construction of the railway, and the works, conveniences, and telegraphs thereto belonging, and relating to the original cost of engines, carriages, and the plant and machinery, shall be kept by the Company, to which account all moneys paid by the company (the expenditure of which shall have received the sanction and approval of the Secretary of State in Council) shall from time to time be carried. And at any time or times, if the Secretary of State in Council shall so require, the said capital account shall be made up, and a statement shall be furnished to the Secretary of State in Council of the aggregate amount of capital which according to such account shall have been expended, and such amount shall, by examination of such account, be ascertained and certified by the Secretary of State in Council; and the cost of maintaining the railway, with its machinery and stock, in good working condition, shall, as to the said original lines at all times, and as to the said extension line from the expiration of two years next after the opening of the same, or any part or parts thereof, be payable by the company out of the revenues of the company, including any interest to be received from the Secretary of State in Council; but upon any additions, alterations, or improvements, such as shall properly be chargeable to the capital account, being thereafter made, with the sanction and approval of the Secretary of State in Council, to, of, or in the railway, or the works, conveniences, or telegraphs thereto belonging, or the engines, carriages, and other plant and machinery, the cost necessarily incurred in executing such additions, alterations, or improvements, shall be added to the said capital account. And if it shall happen that any liability shall be incurred to third persons for consequential damages caused by any works executed by the company under the sanction or authority of the Secretary of State in Council, all expenses necessarily incurred in satisfying the same shall be paid by the company, and added to the said capital account, and the said capital account shall from time to time be made up and stated afresh as occasion shall require, and be ascertained and certified accordingly.

Capital account.

13. That at all times during the said determinable term of 99 years hereby agreed to be granted, the company shall keep the railway, or so much thereof as shall be completed and opened for traffic, and the works and conveniences belonging thereto, and the telegraphs on the railway (if any) in a state of good repair, and in good working condition, to the satisfaction of the Secretary of State in Council, and shall keep the railway fully provided with rolling stock and plant, in good repair and adequate to the service thereof, to the satisfaction of the Secretary of State in Council.

Repairs and maintenance of rolling stock.

14. That the Company shall, in such forms and under such heads or divisions as shall be prescribed by the Secretary of State in Council, keep accounts of all receipts and payments whatsoever in respect of the railway (other than such receipts and payments as properly belong to the capital account hereinbefore agreed to be kept), and such accounts shall be called the "Revenue Accounts of the Great Southern of India Railway Company," and shall be made up half-yearly to the 30th day of June and the 31st day of December in every year, or to such other days in the year as the Secretary of State in Council shall appoint, and shall be regularly transmitted to the Secretary of State in Council, who shall be at liberty at all times in auditing the same accounts to make any corrections therein which may be necessary.

Revenue account.

15. That all earnings and profits received by or on account of the company in India shall be paid at such times and in such manner as the Secretary of State in Council shall direct, without any deduction under any pretence whatever, into the Treasury of the Government at Madras, to an account to be kept separately, to be called "the Revenue Account of the Great Southern of India Railway Company;" and when any money shall be required by the company for any purposes sanctioned by the Secretary of State in Council, such money may be drawn by the company according to such arrangements as shall from time to time be made with the Secretary of State in Council or the Executive Government of India for that purpose.

Deposit of revenue and drafts thereon.

16. That the Secretary of State in Council shall, in addition to the interest payable in respect of the said sum of 500,000 l. under the provisions of the said indenture of the 1st day of September 1858, as varied by the said indenture of the 14th day of February 1860, and in addition to the interest payable under

Guarantee of interest.

the provisions of the said indentures of the 23rd day of August 1860, the 20th day of November 1861, the 7th day of February 1863, and the 21st day of April 1864, and the said letter of the 15th day of April 1867 respectively, from time to time during the said determinable term of 99 years hereby agreed to be granted, pay to the company in London half-yearly, on the 30th day of June and the 31st day of December in every year, interest at the rate of 5 l. per cent. per annum on such part of the said sum of 1,200,000 l. sterling so agreed to be raised by the issue of shares or ordinary stock as shall for the time being have been paid in London or Madras as aforesaid, and as shall not have been or will not be subject to be carried over to the account headed "Capital not bearing interest," it being intended that no interest shall be paid, or guaranteed to be paid, on the money carried over, or which shall be liable to be carried over to the last-mentioned account; and will, in addition to such interest so payable as aforesaid, pay during the said determinable term to the company, on the same half-yearly days, interest at the rate of 4 l. 10 s. per cent. per annum on so much and such part of the debenture stock to be issued for raising the said sum of 400,000 l. as shall for the time being have been issued in London or Madras as aforesaid; and will on the expiration or the earlier determination under any of the provisions of these presents of the said determinable term of 99 years hereby agreed to be granted, thenceforth and for ever thereafter pay to the respective holders of the said debenture stock so to be issued as aforesaid, interest at the rate of 4 l. 10 s. per centum per annum on the amount of the stock for the time being held by him or them; and in every case of any part of either of the said sums of 1,200,000 l. or 400,000 l. being raised, the interest upon such part of the same sums respectively as shall bear interest shall be considered in the first instance as running from the day on which the same part shall have been paid in London or Madras as aforesaid.

Monies in excess.

17. That if the expenditure of the company in making the railway shall exceed the aggregate amount of the said sums of 1,221,400 l. and 1,600,000 l., the monies necessary to meet such excess shall be raised and paid by the company into the Bank of England, to the credit of the account of the Secretary of State in Council, and that the Secretary of State in Council shall from time to time during the then residue of the said determinable term of 99 years hereby agreed to be granted, pay to the company half-yearly, on the days aforesaid, interest on such monies, at such rate as shall be mutually agreed upon, to be calculated from the respective times when they shall have been so paid as aforesaid. Provided always, that the mode and terms in and on which any further monies shall be raised or capital created shall in all respects be determined on and fixed by the Secretary of State in Council, and the raising, creation, and issue of such monies and capital respectively shall be in all respects subject to his sanction and under his superintendence and control, and that in case of any monies being raised by payment of a premium for shares or stock, the Secretary of State in Council shall not pay any interest on such premium, but the same shall be carried to the said account to be headed "Capital not bearing interest."

Application of money standing to the account, "Capital not bearing interest."

18. That the monies which shall for the time being be standing to the account to be headed "Capital not bearing interest," shall in all respects, except bearing interest, be treated as capital, and be applicable for all the purposes for which the capital which does bear interest is or shall be applicable.

Application of profits.

19. That henceforth during the said determinable term of 99 years hereby agreed to be granted, the whole net receipts which shall be realised during any half year on the railway, after deducting all sums which shall have been expended in the repairs and maintenance of the railway, and the repair and restoration of the rolling stock and plant belonging thereto, and the management and conduct of the company and its affairs, and which shall have been allowed or sanctioned by the Secretary of State in Council, and also deducting such sums (if any) as with the sanction of the Secretary of State in Council may have been appropriated and set apart for repairing, restoring, and making good any deterioration of the railway or stock and plant, and for the current expenses of working the railway, (the money if any) to be so appropriated and set apart as a reserve fund, or any part or parts thereof being invested and accumulated

accumulated or otherwise dealt with till required for application in any manner the company may think fit, subject to the sanction and approval of the Secretary of State in Council), shall belong to the Secretary of State in Council as part of the revenues of India. Provided always, that in case in any half year such net receipts, after making such deductions as aforesaid, shall exceed the aggregate amount of interest payable for such half year by the Secretary of State in Council, under the contracts for the time being subsisting, guaranteeing the payment of interest, including this present contract, then and in every such case (and for this purpose the exchange shall be fixed at 1 s. 10 d. for the company's rupee) a moiety of such excess shall belong and be paid to the company for their own use and benefit. And it is hereby declared that the provision hereby made for the application of the said net receipts shall henceforth be substituted for and supersede every provision as to the application of net receipts in any contract now subsisting between the Secretary of State in Council and the company. And every such provision as last aforesaid shall, from the date of these presents, cease to have any effect, and the company shall be and are exonerated from liability thereunder.

20. That the company will at all times during the said determinable term hereby agreed to be granted, convey on the railway the Government mails and post bags, and the guards and other servants of the Post Office in charge thereof, free of charge, and when they are on duty all officers and persons in the administration of the Post Office, also free of charge; and will also convey on the railway, when they are on duty, the troops in Her Majesty's service, both horse and foot, and all other persons to whom the provisions of the Mutiny Acts and Regulations or Acts for the time being in force for Her Majesty's European and Indian Forces respectively shall be applicable, and all artisans on the business of the Government; the officers and persons of similar station in life to be entitled to travel in first-class carriages at second-class fares, and the troops and European artisans in second-class carriages at the lowest fares, and all the other persons at the lowest fares, with two tons of baggage for every 100 men free of charge; and will also convey on the railway all general stores belonging to the Government, and all guns, ammunition, horses and other animals used for military purposes, and all military stores, carriages, waggons, camp equipage, and equipments whatsoever, at the lowest rate for the time being chargeable for the carriage of such animals, goods, and merchandise, the several privileges of conveyance and carriage hereby stipulated for being at all times to be used and enjoyed in preference to, and priority over the public use of the railway for conveyance and carriage. Mails and troops.

21. That at the end of the said term of 99 years hereby agreed to be granted by effluxion of time, the land provided and to be provided in pursuance of the said indentures of the 1st day of September 1858, and the 21st day of April 1864, and of these presents, with the railways thereon respectively, and all buildings, works, fixed machinery, telegraphs, and conveniences whatsoever, shall revert to and become the property of Her Majesty, her heirs and successors, for the purposes of the Government of India, free from all debts and charges whatsoever (save such as shall have been sanctioned by the Secretary of State in Council); and any lands in Great Britain which may then be held by the company for the purposes of their business shall be sold, and the clear monies produced by such sale shall be paid into the Bank of England to the account of the Secretary of State in Council, and the company shall deliver to the Secretary of State in Council for the purposes of the Government of India, all plans, surveys, sections, books, printings, writings, drawings, and documents whatsoever in anywise connected with the undertakings and affairs of the company; and the company shall sell, and the Secretary of State in Council on behalf of Her Majesty, and for the purposes of the Government of India shall purchase all the engines, carriages, stock, machinery, and plant which shall be then used in working the railway, or otherwise in connection therewith or belonging thereto, for such sum of money as shall be the fair value thereof, the same to be determined in case of difference by a valuation to be made by referees or by their umpire, to be respectively appointed in the usual manner; and the Secretary of State in Council shall pay out of the revenues of India to the company in London the sum of money to be so determined within four months after such determination, with interest thereon at the Ultimate rights of property.

rate of 5 l. per cent. per annum from the expiration of the said term of 99 years hereby agreed to be granted.

Surrender.

22. That it shall be lawful for the company at any time hereafter during the said term of 99 years hereby agreed to be granted, but not until some portion of the extension line shall have been finished, and in work for three calendar months at least, to give a notice in writing of their intention to surrender and relinquish the railway to Her Majesty for the purposes of the Government of India on any day to be mentioned in such notice, so that such notice be served at least six calendar months before that day, both on the Secretary of State in Council in London, and also on the Secretary of Government at Madras; and, in case of such notice being given the company shall, at the expiration thereof, surrender and relinquish to Her Majesty, for the purposes of the Government of India, the railway accordingly, together with the telegraphs (if any), and shall with all convenient speed sell any lands in Great Britain which may be then held by the company for the purposes of their business, and pay the clear monies to be produced by such sale into the Bank of England to the account of the Secretary of State in Council, and shall deliver to the Secretary of State in Council, or his authorised agents, on behalf of Her Majesty, for the purposes of the Government of India, the engines, carriages, stock, plant, and machinery belonging to the railway, and all plans, surveys, sections, printings, writings, drawings, and documents whatsoever connected with the undertakings and affairs of the company; and the premises to be so surrendered and delivered shall be accepted and received accordingly, it being expressly agreed that the railway, works, stations, telegraphs, engines, carriages, stock, plant, and machinery shall at the time of such surrender and delivery be in good working order, according to the covenant in that behalf hereinbefore contained on the part of the company; and immediately upon such surrender and delivery being made the Secretary of State in Council shall be bound to pay out of the revenues of India to the company the capital raised by the issue of shares or ordinary stock of the company, and expended by the company upon the railway and premises so to be surrendered and delivered, and whether the same shall have borne interest or not, such expended capital being ascertained and certified in the manner hereinbefore mentioned, together with such parts (if any) of the capital of the company raised by the issue of shares or ordinary stock as shall remain in the Bank of England to the account of the Secretary of State in Council, and to discharge and indemnify the company from all debts and liabilities incurred with the sanction of the Secretary of State in Council; and thereupon all covenants by the Secretary of State in Council with the company for payment of interest on monies raised by the issue of shares or ordinary stock of the company, or on capital represented by shares or ordinary stock taken in exchange for mortgages, shall cease as from the day upon which the railway is to be surrendered and accepted, and all claims by the Secretary of State in Council on account of interest on the company shall also cease; and the Secretary of State in Council shall be at liberty to retain out of any monies payable to the company the amount of all claims and demands of any sort then existing against the company on their revenue account in respect of their undertakings, and which shall not be shown to have been fully satisfied and discharged until the same shall have been shown to be so satisfied and discharged: Provided always, that the Secretary of State in Council shall not be liable to refund any sum expended in the maintenance or working of the railway, or any part thereof, after the same shall have been opened, which sum is to be provided by the company out of the revenues of the company and interest as hereinbefore provided or otherwise.

Purchase.

23. That at any time within six calendar months after the expiration of the first 25 years of the said term of 99 years hereby agreed to be granted, or at any time within six calendar months after the expiration of the first 50 years of the same term, it shall be lawful for the Secretary of State in Council to give notice to the company in London and at Madras, of his intention to purchase on behalf of Her Majesty for the purposes of the Government of India, the railway, together with the stations and telegraphs (if any), and the engines, carriages, stock, plant, and machinery belonging to the railway (but subject to such debts and liabilities (if any) as may have been incurred to Her Majesty or to the Secretary of State in Council) or to any person or persons with the sanction of the Secretary of State in Council, and to interest on such of the said debts

debts as carry interest from the day on which possession shall be taken of the railway, but not from any earlier time; and thereupon at the half-yearly day next but one following such notice the land provided or to be provided as aforesaid, with the railway thereon, and all buildings, works, fixed machinery, stations, telegraphs, and conveniences whatsoever, shall revert to and become the property of Her Majesty for the purposes of the Government of India; and in case any lands in Great Britain shall then be held by the company for the purpose of their business, the same shall be sold, and the clear monies to be produced by such sale shall be paid into the Bank of England to the account of the Secretary of State in Council; and the company shall at the same time deliver to the Secretary of State in Council or his authorised agents on behalf of Her Majesty, for the purposes of the Government of India, the engines, carriages, stock, plant, and machinery belonging to the railway, and all plans, surveys, sections, books, printings, drawings, writings, and documents whatsoever in anywise relating thereto; and the Secretary of State in Council shall be bound to pay in London, out of the revenues of India, on the said half-yearly day, for the purchase of all the same premises, a sum equal to the amount of the value of all the shares and ordinary stock of the company issued or created with the sanction of the Secretary of State in Council, calculated according to the mean market value in London of such shares or stock during the three years immediately preceding the expiration of the said period of 25 years or the said period of 50 years, as the case may be, and shall also be bound to indemnify the company against all such debts and liabilities (if any) as they may have incurred to or with the sanction of the Secretary of State in Council and as shall be then subsisting; and thereupon all covenants by the Secretary of State in Council with the company for payment of interest on monies raised by the issue of shares or ordinary stock of the company, or on capital represented by shares or ordinary stock taken in exchange for mortgages, shall cease.

24. That if default shall be made by the company in the raising and payment of the said sums of 1,200,000 *l.* and 400,000 *l.*, or either of them, or any of the instalments thereof respectively, or of such further capital as shall be required for the construction of the railway, or in the due application of any monies drawn in London or in India as aforesaid, or if the company shall at any time fail as regards time, cost, or any other circumstance or thing in constructing or carrying on to completion the railway and works to the entire satisfaction of the Secretary of State in Council, and conformably in all respects with the orders and directions to be given for that purpose by the Secretary of State in Council as hereinbefore is mentioned, or in case the company shall cease to work the railway, or the same shall not be worked to the satisfaction of the Secretary of State in Council, or in case of any other breach on the part of the company of any of the subsisting covenants contained in the said Indenture of the 1st day of September 1858 or the said Indenture of the 21st April 1864, or in these presents, it shall be lawful for the Secretary of State in Council, on giving to the company at Negapatam or other the place of office in India, three calendar months' notice of his intention in that behalf to terminate the interest of the company in the land, railway, telegraph, and works taken and constructed, or to be taken and constructed as aforesaid, and on behalf of Her Majesty, for the purposes of the Government of India, to assume possession of the said lands, railway, telegraph, and works respectively, and of all or any of the engines, carriages, stock, plant, and machinery provided for the same or belonging thereto, and all plans, surveys, books, printings, drawings, writings, and documents whatsoever in anywise connected with the undertakings and affairs of the company or relating thereto; and in that case any lands in Great Britain which may then be held by the company for the purpose of their business shall with all convenient speed be sold, and the clear monies to be produced by such sale shall be paid into the Bank of England to the account of the Secretary of State in Council; and in case of such notice being given the Secretary of State in Council shall be liable to repay out of the revenues of India, within six calendar months after its expiration, to the company in London, the capital expended by the company upon the railway and works so ascertained and certified as hereinbefore mentioned, and whether the same shall

Possession as a remedy.

have borne interest or not, after a proper deduction for all debts and liabilities then affecting the company, or the property of the company, including all debenture and mortgage debts, the money to be so repaid to include so much (if any) of the capital of the company raised by the issue of shares or ordinary stock as shall then remain in the hands of or in the Bank of England to the account of the Secretary of State in Council, and also to discharge, exonerate, and indemnify the company from all debts, obligations, and liabilities for works and expenditure undertaken with the sanction of the Secretary of State in Council; and thereupon all covenants by the Secretary of State in Council with the company for payment of interest on monies raised by the issue of shares or ordinary stock of the company, or on capital represented by shares or ordinary stock taken in exchange for mortgages, shall cease, and all claims by the Secretary of State in Council on the company shall also cease, the intention of the parties hereto being that the company shall under all the circumstances receive back their capital expended with such sanction as aforesaid, after such deduction as aforesaid, and that such re-entry and assumption of possession and the exercise by the Secretary of State in Council of the powers and authorities by this clause given to him, shall be the only penalty to which the company shall be liable in case of any such default by the company as is hereinbefore mentioned, and on which such powers and authorities are made exercisable: Provided always, and it is hereby expressly declared, that the debenture stock hereby authorised to be issued shall not, nor shall any monies to be raised by the issue thereof be considered as capital expended within the meaning of the 22nd Clause of these presents or of this present clause, nor shall such stock or monies be considered as representing capital stock within the 23rd Clause hereinbefore contained.

Repairs by the
Government of
India.

25. That if at any time default shall be made by the company in their covenants to keep the railway, or such parts thereof as have or shall have been completed and opened for traffic, in repair and condition for the space of one calendar month next after notice in writing in that behalf from the Secretary of State in Council to the company at Madras, or if default shall be made by the company in their covenant to keep the railway fully provided with rolling stock and plant in good repair and adequate to the service thereof, to the satisfaction of the Secretary of State in Council, it shall be lawful for the Secretary of State in Council, by his agents, to enter on the railway and to do and execute all such works and things as may be required for fulfilling the said covenants, and to charge the expenses of the same against the company, by setting off the amount of such expenses against any monies then payable or which shall thereafter become payable by the Secretary of State in Council for interest under the said Indenture of the 1st day of September 1858, as varied by the said Indenture of the 14th day of February 1860, and the said Indenture of the 23rd day of August 1860, the 20th day of November 1861, and the 7th day of February 1863 respectively (so far as respects interest on the capital represented by shares taken in exchange for mortgages), and under the said indenture of the 21st day of April 1864, and the said letter of the Secretary of State of the 15th day of April 1867, and these presents, or any of such monies, which interest shall in such case to that extent be considered as paid and satisfied by such set off or retainer, and shall for all the purposes of the said indentures, and of these presents respectively, be regarded and considered as interest actually paid by the Secretary of State in Council to the company in pursuance of their covenants in that behalf in the said indentures and hereinbefore respectively contained; and if such expenses shall not be satisfied by such set off and retainer as aforesaid, then the Secretary of State in Council may set off and deduct the same against and from all or any part of any other moneys which shall on any account whatsoever be or become payable by the Secretary of State in Council to the company.

Annuity
commutation.

26. That in every or any case in which under the provisions of these presents the Secretary of State in Council shall, before the expiration of the said term of 99 years hereby agreed to be granted, become bound to repay the capital expended by the company upon the railway, or otherwise to pay for the purchase of the railway and stock, as the case may be, it shall be lawful for the Secretary of State in Council, instead of paying a gross sum of money in respect
of

of the premises, to declare, by notice to the company in London, his option to pay an annuity, to be reckoned from the time when the gross amount would be payable, and to continue during the residue of the said term of 99 years hereby agreed to be granted, and in that case such annuity shall be payable in London on such two half-yearly days in the year as shall be selected by the Secretary of State in Council in that behalf, with a fractional part for any broken half-year, the rate of interest which shall be used in calculating such annuity being determined by the average rate of interest during the preceding two years received in London upon public obligations of the Government of India and other public obligations issued in London by the Secretary of State in Council, and which shall be ascertained by reference to the Governor and Deputy Governor of the Bank of England for the time being; provided always, that the aforesaid option shall not apply to the undrawn portion (if any) of the capital of the company, which portion is to be repaid to the company, with interest under the provisions in that behalf hereinbefore contained, in case the company shall relinquish or be deprived of the railway and works as aforesaid.

27. That if after the said extension line shall have been completed and furnished with adequate working stock the whole of the said sum of 1,200,000 £. to be raised by the issue of shares or ordinary stock shall not have been required, the surplus of the guaranteed part of the same sum, together with such a proportion of the sum which shall then be standing to the account of unguaranteed capital as the unguaranteed part of the said sum of 1,200,000 £. shall then bear to the guaranteed part of the same sum, or in case additional capital beyond the said sum of 1,200,000 £., shall have been raised for that purpose by shares or ordinary stock, the surplus of the last issue of capital so raised, together with such a proportion of the unguaranteed capital (if any) raised in connection with such last raised capital, and which shall be unexpended, as the whole amount of the guaranteed capital so last raised shall bear to the whole amount of the unguaranteed capital so last raised as aforesaid, shall, to the extent to which the same respectively shall have been paid into the Bank of England to the account of the Secretary of State in Council, be refunded to the company in London, with such interest as shall be due on the guaranteed capital at the time, and thereupon the aforesaid covenants for payment of interest shall no longer apply to the guaranteed capital which shall have been so refunded, but the Secretary of State in Council shall under no circumstances be bound to refund to the company any surplus monies raised by the issue of debenture stock.

Return of surplus.

28. That any notice, direction, requisition, appointment, certificate of opinion, approval of or sanction to be given or signified on the part of the Secretary of State in Council, for any of the purposes of the said indentures of the 1st day of September 1858, the 21st day of April 1864, or of these presents, shall be sufficient and binding if signed by the Secretary of State for India, or one of the Under Secretaries of State, or by the Secretary of Government at Madras, or by any other officer or servant duly authorised to act on behalf of the Secretary of State in Council, in respect of the matters to which the same shall relate. And that neither the Secretary of State in Council nor the company shall in any case be bound in respect of the matters aforesaid, unless by some writing signed in the manner before mentioned.

Sanction of Secretary of State in Council.

29. That the company shall keep an office of the company at all times hereafter during the said term hereby agreed to be granted established at Negapatam, or at such other place or places as shall be agreed upon between the Secretary of State in Council and the company; and the company shall keep at the said office an authorised agent or authorised agents, with whom the Secretary of State in Council and the Government of Madras may communicate on affairs concerning the railway, and all drafts drawn by the said agent or agents, and all receipts of and acts done by such agent or agents on behalf of the company, or concerning the said railway, works, and stock, shall be binding on the company and every notice to be given to the company shall be sufficiently given if left at the said office, or personally served on such agent or agents.

Railway office in Negapatam, and agent.

30. That the Secretary of State in Council shall promote the passing by the Governor General of India in Council of any Act or Acts which shall be

Legislation in India.

CONTRACTS AND AGREEMENTS RELATING TO

necessary or convenient for enabling the company to fulfil in India the objects of the undertaking, according to the terms and conditions of these presents.

All the undertakings to be regulated by this indenture.

31. That all the clauses of these presents, except the 1st, 2nd, 4th, 5th, 6th, and 16th, shall henceforth apply to regulate and govern all the undertakings of the company as one united whole, and that where the provisions of these presents are inconsistent with or repugnant to the provisions of the said indentures of the 1st day of September 1858 and the 21st day of April 1864, or any of such provisions, the provisions herein contained, and in particular the provisions of the 9th, 19th, and 24th clauses of these presents, shall have effect as to all the undertakings of the company, and shall supersede the corresponding provisions of the lastly-mentioned indentures. Provided always, that nothing herein contained shall prejudice or affect any rights of the Secretary of State in Council, which may now be subsisting under any contracts between the Secretary of State in Council and the company, nor shall anything herein contained prejudice, alter or affect any subsisting guarantees for the payment of principal or interest which may have been heretofore given by the Secretary of State in Council to the company.

In witness whereof William Urquhart Arbuthnot, Esquire, and Sir Frederick James Halliday, K.C.B., being two members of the Council of India, have hereunto set their hands and seals, and the said railway company have caused their common seal to be affixed, the day and year first above written.

Signed, sealed, and delivered by the said William Urquhart Arbuthnot and Sir Frederick James Halliday, being two members of the Council of India, in the presence of

Robt. Wickenden,
Clerk to the Solicitor,
India Office,

W. U. ARBUTHNOT.

Seal.

FRED. JAS. HALLIDAY.

Seal.

Passed under the Common Seal of the Great Southern of India Railway Company, in the presence of

Henry W. Notman,
Secretary.

Seal
of the
Company.

CONTRACT for the Amalgamation of the GREAT SOUTHERN OF INDIA and CARNATIC RAILWAY COMPANIES, and for enabling the Amalgamated Company to make Agreements with the Secretary of State in Council of India, and for other Purposes.

THIS INDENTURE, made the 16th day of December 1873, between the SECRETARY OF STATE IN COUNCIL OF INDIA (hereinafter called the Secretary of State in Council) of the first part, the GREAT SOUTHERN OF INDIA RAILWAY COMPANY (hereinafter called the Great Southern Company) of the second part, and the CARNATIC RAILWAY COMPANY, LIMITED (hereinafter called the Carnatic Company), of the third part.

WHEREAS the Great Southern Company was incorporated by the Great Southern of India Railway Act, 1858, with a capital of 1,000,000 £, for the purpose of affording railway communication to the Provinces of Southern India and such other places as they might from time to time determine, by constructing, maintaining, and working railways, and by the performance of all other matters and things incidental or conducive thereto, and were empowered from time to time to enter into and conclude with the East India Company on account of the Government of India, and to carry into effect such contracts, agreements, and arrangements, as the respective parties might think fit and agree upon, for or connected with or incident to or respecting all or any of the objects and purposes aforesaid; and it was provided that such contracts might include amongst other provisions any provisions as to the application of the tolls, receipts, or profits of the said railways respectively, and any provisions for depositing with or paying to the East India Company all or any part of the subscribed capital of the Great Southern Company upon any terms (as to interest, guarantee, or otherwise) to be agreed upon, and any provisions for the surrender or sale to the East India Company of the said railways, or any part thereof, and all or any part of the property of the Great Southern Company at any future period; and the said capital was subject to increase by an amount not exceeding 2,000,000 £ sterling, to be raised by the creation of new or additional shares for carrying into effect any contract or agreement with the East India Company :

And whereas by an Indenture, dated the 1st day of September 1858, and made between the East India Company of the one part, and the Great Southern Company of the other part, it was, amongst other things, agreed that the Great Southern Company should construct and open a line of railway, to commence at or near Negapatam, and to proceed to a point at or near Trichinopoly, at an estimated cost, to be approved of by the East India Company, and that the land required for the said railway should be provided by the East India Company, and that the capital of the Great Southern Company to be then subscribed, amounting to the sum of 1,000,000 £, and the further moneys which might be required for the construction of the said railway should be paid by the Great Southern Company into the treasury of the East India Company in London, or in India, payments made in India being computed at the exchange of 1 s. 10 d. for the Company's rupee, and that such moneys should be from time to time drawn out for the purposes of the works, and that the land provided for the said railway when completed should be leased to the Great Southern Company for the term of 99 years, from the 1st day of May 1858, and that the Great Southern Company might at any time after any portion of the said railway should have been finished and in work for three calendar months at least, surrender and relinquish the said railway and works to the East India Company on such terms, and that the East India Company should pay to the Great Southern Company for the same such sum of money as therein mentioned, and that the East India Company might at any time within six calendar months after the expiration of the first 25 years of the said term of 99 years, or at any time within six

calendar months after the first 50 years of the same term purchase the said railway and works on the terms therein mentioned, and should pay for the purchase of the same premises the full amount of the value of all the shares and capital stock in the Great Southern Company, calculated according to the mean market value in London of such shares or stock during the three years immediately preceding the expiration of the said period of 25 years, or the said period of 50 years, as the case might be, and that the East India Company should pay to the Great Southern Company in London half-yearly, during the said determinable term, interest at the rate of 5 *l.* per centum per annum on the said sum of 1,000,000 *l.* sterling, to be subscribed as aforesaid, or on such part thereof as should for the time being have been paid into the Treasury of the East India Company as aforesaid, and that the moneys required for the said railway and works, or otherwise, as therein mentioned, in excess of the said sum of 1,000,000 *l.* sterling should be raised and paid by the Great Southern Company to the East India Company, and that the East India Company should from time to time during the then residue of the said determinable term of 99 years, pay to the Great Southern Company half-yearly interest on such excess at such rate as might be mutually agreed upon, and it was by the Indenture now in recital provided that as soon as the Great Southern Company should begin to work the said railway, or any part thereof and the telegraphs (if any), and thenceforth during the said determinable term of 99 years the net receipts which should be realised during any half-year, or from the commencement up to the first of the half-yearly days therein mentioned on the said railway, or on any part thereof, after making such deductions as were therein mentioned should be applied in the first place in or towards discharge of the interest which should be payable by the East India Company under the covenants in that behalf therein contained in respect of the said half-year, so as to exonerate the East India Company, so far as the same net receipts would extend, from the payment of such interest, the money to be so applied being reckoned at the fixed and permanent exchange of 1 *s.* 10 *d.* per Company's rupee, and the residue (if any) of such net receipts should be applied as follows, namely, one moiety thereof in the repayment of such sums of money as should at any previous time or times have been paid by the East India Company to the Great Southern Company under the covenants therein contained, by way of interest, together with simple interest on such sums of money, at the same rate per centum per annum as the rate of interest which should have been so paid, and such moiety should be paid into the Treasury of the East India Company at Madras, and should be reckoned at the said rate of exchange, and should be applied in reduction and discharge of the whole of the interest payable to the East India Company on the said sums of money before the same should be applied in liquidation of any part of the principal thereof, and the other moiety of the said surplus net receipts should be paid to or applied for the use and benefit of the Great Southern Company, and if at any time during the said determinable term of 99 years the whole of the moneys previously paid by the East India Company as aforesaid, with interest thereon as aforesaid, should have been repaid and discharged, then for every half-year during such time, and so often as the same should happen, the Great Southern Company should be entitled for their own use and benefit to the entirety of the said surplus net receipts, or (as the case might be) so much thereof as should remain after such repayment and discharge as last aforesaid should have been made:

And whereas, by an Indenture dated the 14th day of February 1860, and made between the Secretary of State in Council (to whom by virtue of the Act for the better Government of India (21 & 22 Vict. c. 106) the rights and liabilities of the East India Company under the hereinbefore recited contract had been transferred) of the one part, and the Great Southern Company of the other part: After reciting that since the execution of the hereinbefore recited Indenture it had been ascertained that the sum of 500,000 *l.*, or thereabouts, would be sufficient for the railway authorised, it was thereby declared and agreed that the sum of 500,000 *l.* sterling should be substituted for the sum of 1,000,000 *l.* sterling wheresoever the said last-mentioned sum occurred in the hereinbefore recited Indenture, and that the several covenants, clauses, and provisions of the same Indenture should be construed and take effect as if the said sum of 500,000 *l.* had been originally inserted in the same Indenture, in lieu of the said sum of 1,000,000 *l.*

And

And whereas, by the "Great Southern of India Railway Amendment Act, 1860," the Great Southern Company was empowered to borrow such sums on mortgage, on the security of their undertaking, as therein mentioned, and also from time to time, with the sanction of the Secretary of State in Council, and of such number of votes of the shareholders as therein mentioned, to raise by the creation and issue of debenture stock, under the powers, but subject to the restrictions of that Act, any sums not exceeding the amount which they were by that Act authorised to borrow, in lieu of borrowing or re-borrowing the same, and in order to pay off moneys theretofore borrowed by them under the powers of that Act, and subject to the provisions of the same Act the Great Southern Company were empowered, with the like sanction of the Secretary of State in Council, and of the shareholders, to attach to any such debenture stock, before the issue thereof, any guaranteed interest or dividend not exceeding 5 per cent. per annum, as to the Great Southern Company should seem fit :

And whereas, the Great Southern Company, with the sanction of the Secretary of State in Council, raised the several sums of 90,000 *l.*, 50,000 *l.*, and 26,000 *l.*, making together the sum of 166,000 *l.* on loan upon mortgages, convertible into shares upon which interest at the rate of 5 *l.* per centum per annum was guaranteed by the Secretary of State in Council. And by three several indentures bearing date respectively the 23rd day of August 1860, the 20th day of November 1861, and the 7th day of February 1863, and respectively made between the Secretary of State in Council of the one part, and the Great Southern Company of the other part, the Secretary of State in Council entered into covenants for payment of the principal moneys and interest secured by the said mortgages, and for payment of interest at the rate aforesaid on the capital of the Company represented by additional shares to be issued in exchange for the said mortgages as aforesaid :

And whereas by an indenture dated the 21st day of April 1864, and made between the Secretary of State in Council of the one part, and the Great Southern Company of the other part, it was amongst other things agreed that the Great Southern Company should construct another railway to commence at the terminus at Trichinopoly, of the railway to which the said indenture of the 1st day of September 1858 related, and to proceed to Errode, and that the capital raised or to be raised by the Great Southern Company for the purposes of the same indenture should be the sum of 350,000 *l.*, and that the Secretary of State in Council should guarantee interest at the rate of 4 *l.* 15 *s.* per centum per annum on the said sum of 350,000 *l.*, or on such part thereof as should for the time being have been paid by the Great Southern Company as therein mentioned, and that the land required for the purpose of the same railway should be provided by the Secretary of State in Council, and that upon the completion of the same railway, or of any part thereof which should be required by the Secretary of State in Council to be first completed, the land required for the completed line should be leased to the Great Southern Company by the Secretary of State in Council for 99 years from the 1st day of September 1858, determinable by surrender or purchase, or re-entry, as in the indenture now in recital mentioned, the provisions in such indenture being in most respects *mutatis mutandis* similar to the provisions contained in the first hereinbefore recited indenture ; and in order to carry into effect the intention in the indenture now in recital expressed, that the said two railways should be made and maintained as one undertaking, with one and the same capital and revenue account, it was by the indenture now in recital declared that certain of the clauses contained in the first hereinbefore recited indenture should be superseded by certain clauses contained in the indenture now in recital :

And whereas by an indenture bearing even date with the last hereinbefore recited indenture, and made between the Secretary of State in Council of the one part, and the Great Southern Company of the other part, the Secretary of State in Council guaranteed the payment of a further sum of 150,000 *l.*, with interest at the rate of 4 *l.* 10 *s.* per centum per annum, which sum was to be raised on mortgages of the same Company not convertible into shares :

And whereas by a letter to the Secretary of the Great Southern Company dated the 15th day of March 1866, the Secretary of State in Council sanctioned the raising of 50,000 *l.*, with interest at the rate of 5 per centum per annum, on mortgages of the Great Southern Company, convertible into stock *fac. sane*

sum of 50,000 *l.* constituting the part of the said sum of 150,000 *l.*, which had not then been raised :

And whereas the Secretary of State in Council, by a letter to the Secretary of the Great Southern Company, dated the 15th day of April 1867, sanctioned the raising by the Great Southern Company of an additional sum of 200,000 *l.*, at interest at the rate of 5 per centum per annum by the issue of shares :

And whereas by an indenture bearing date the 12th day of March 1872, and made between the Secretary of State in Council of the one part, and the Great Southern Company of the other part, it was amongst other things agreed that the Great Southern Company should construct another railway, to commence at a point on the existing railway to be thereafter settled, and to proceed to the port of Tuticorin, and that the capital raised or to be raised for the purposes of the same indenture, should be the sum of 1,600,000 *l.*, of which sum 1,200,000 *l.* should be raised by the issue of shares or of ordinary stock, and the sum of 400,000 *l.* by the issue of debenture stock, and the said shares and stock were to be issued at a price to be fixed by the Secretary of State in Council, and that all premiums given for shares or stock should be carried to an account of "capital not bearing interest," and that the Secretary of State in Council should guarantee interest at the rate of five per centum per annum on the said sum of 1,200,000 *l.*, or on so much thereof as should for the time being have been paid to the Secretary of State in Council, and at the rate of 4 *l.* 10 *s.* per centum per annum on the debenture stock to be issued for raising the residue of the said sum of 1,600,000 *l.*, and that no interest should be paid by the Secretary of State in Council on moneys carried to the account of "capital not bearing interest." And in the indenture now in recital were contained provisions in most respects *mutatis mutandis* similar to the provisions contained in the hereinbefore recited indentures of the 1st day of September 1858 and the 21st day of April 1864, but with some alterations, one of such alterations providing for a different application of the net receipts of the Company, and in order to carry into effect the intention in the indenture now in recital expressed that the said three railways should be made and maintained as one undertaking, with one and the same capital and revenue account, it was by the same indenture provided that all the clauses thereof, except as therein mentioned, should thereafter apply to regulate and govern all the undertakings of the Great Southern Company as one united whole, and that where the provisions of the indenture now in recital were inconsistent with the provisions of the said indentures of the 1st day of September 1858 and the 21st day of April 1864, the provisions therein contained should have effect as to all the undertakings of the Great Southern Company, and should supersede the corresponding provisions of the lastly-mentioned indentures :

And whereas a company called the Indian Tramway Company, Limited, was in the year 1862, registered under the provisions of the "Joint Stock Companies Acts, 1856 and 1857," with limited liability, with a capital of 1,000,000 *l.*, for the purpose of, amongst other things, the introduction of a system of tramways in connection with, and as feeders to the railways throughout India :

And whereas the said tramway company in or about the year 1864, entered into negotiations with the Secretary of State in Council with a view to obtaining from the Government certain aid and concessions for making a light railway with a gauge of three feet six inches from the Arconum Station on the Madras Railway to the town of Little Conjeveram, and the said tramway company afterwards, with the sanction of the Secretary of State in Council, but before the terms and extent of such aid and concessions as aforesaid had been finally determined and agreed upon, commenced the same railway, and the same railway was completed and opened for traffic about the 1st day of August 1865 ; and part of the same railway being a distance of 14 miles and 22 chains, commencing from the said station, was constructed upon half of the Government road leading from Arconum to Conjeveram, and the remainder of the same railway, being a distance of 4 miles and 43 chains, together with the stations, sidings, engine-houses, store-houses, and other buildings belonging thereto, was constructed on land, taken up by, and at the cost of the Secretary of State in Council, and made over to the tramway company free of charge :

And whereas by articles of agreement bearing date the 23rd day of August 1867, and made between the Secretary of State in Council of the one part, and the said tramway company of the other part, it was amongst other things agreed that

that the concession of the half roadway, and all land made over to the said tramway company for its use free of cost, should continue for the term of 99 years, commencing from the 1st day of August 1865, renewable as in the said articles of agreement is mentioned, and in the said articles of agreement were contained divers covenants, agreements, and provisions relating to the same railway and the telegraphs and works belonging thereto, and to the working and maintaining of the same respectively, and also relating to the determination of the said agreement, and to the rights of the said parties on such determination, and in particular it was by the 42nd clause of the said articles of agreement provided that the said tramway company should not lease, sell, or otherwise alienate in any manner the said line of railway, or any part of it, to any person or company, unless such person or company should agree to be bound by all the conditions therein contained, and unless the Government should consent to such lease, sale, or transfer, and no such lease, sale, or transfer should be valid unless with the assent of the Government :

And whereas the paid-up capital of the said tramway company in the month of November 1867, was the sum of 100,000 l., and the Secretary of State in Council then agreed to guarantee temporarily to the said tramway company that their dividend should from the 1st day of January 1868, be made up to three per centum per annum upon the said sum of 100,000 l. :

And whereas the Carnatic Company was in the year 1869 registered under the provisions of "The Companies Act, 1862," with a capital of 800,000 l., for the purpose, amongst other things, of constructing or acquiring by purchase or otherwise of railways and tramways, and of telegraphs connected therewith in the East Indies, and of maintaining and working the same, with power to enter into or adopt contracts with any persons, companies, or Governments, whether British or foreign, in relation to the acquisition, construction, maintenance, working or disposition of any such railways, tramways, telegraphs, or lands :

And whereas previously to the date of the indenture next hereinafter mentioned, an agreement was come to between the Secretary of State in Council, and the said tramway company and the Carnatic Company, that the said articles of agreement and the term thereby granted should be put an end to, and that the Secretary of State in Council should be released from his said guarantee of dividends on the said sum of 100,000 l., that the said tramway company should be wound up voluntarily, that liquidators should be appointed for that purpose, that all the assets of the said tramway company, except the benefit of the said guarantee by the Secretary of State in Council, and the interest of the said tramway company under the said articles of agreement, and except the benefit of a provisional contract with the French Government for making a railway from Pondicheri, after discharging all the existing liabilities of the said tramway company, and the expenses of liquidation, should be transferred to the Carnatic Company in consideration of the Carnatic Company issuing to the liquidators to be so appointed as aforesaid, 3,000 fully paid-up shares in the capital of the Carnatic Company, that the said liquidators should be entered on the register of members of the Carnatic Company as owners of the said 3,000 shares, and that immediately after such registration the Carnatic Company should convert the said shares into 60,000 l. capital stock of the same company; that the Secretary of State in Council should guarantee interest on the said sum of 60,000 l. stock; that the said liquidators should hold the same sum of stock upon trust to distribute the same amongst the members of the said tramway company, rateably, and in proportion to the respective amounts of the shares of, or interest in the capital of the said tramway company held by them respectively, it being intended that such guarantee should be taken and accepted by the shareholders in the said tramway company in lieu of, and in substitution for the guarantee of the Secretary of State in Council, so as to be released as aforesaid, and that the said Secretary of State in Council should co-operate with the Carnatic Company in altering the gauge of the said railway from three feet six inches to five feet six inches throughout, and also in the construction of an extension line of railway from Conjeveram to Cuddalore, or to such other place near Cuddalore as might be determined on, and upon it having been approximately estimated that the sum of 740,000 l. would be required for altering the said original railway and constructing the said extension line, it was further agreed that the Secretary of State in Council should guarantee during the term of 999 years from the 1st day of March 1870 interest at the rate of five per

centum per annum upon the said sum of 740,000 *l.*, but less any premiums paid for the shares or stock by the issue of which the same sum might be raised upon the said sum of 740,000 *l.* being subscribed for, and upon the sum of 100,000 *l.* being paid by the Carnatic Company into the Bank of England to the credit of the Secretary of State in Council :

And whereas the last-mentioned sum of 100,000 *l.* was in pursuance of the said agreement in that behalf paid by the Carnatic Company into the Bank of England to such credit as aforesaid :

And whereas the said tramway company was afterwards wound up in pursuance of the said agreement, and the Carnatic Company issued to the liquidators 3,000 fully paid-up shares in the capital of the company, and the liquidators were entered on the register of members of the company as owners of the said 3,000 shares, and such shares were then converted into the sum of 60,000 *l.* stock in the Carnatic Company, and such stock was distributed by the liquidators amongst the members of the said tramway company rateably, and in proportion to the respective amounts of the shares of or interest in the capital of the said tramway company held by them respectively :

And whereas by an indenture, dated the 1st day of March 1870, the said tramway company and liquidators, and the Carnatic Company surrendered to the Secretary of State in Council the said railway and land held by the said tramway company or the Carnatic Company under the said articles of agreement or otherwise for the residue of the said term of 99 years, so as aforesaid agreed to be granted therein to the intent that the same term might determine; and the Secretary of State in Council was by the same indenture released from his guarantee of dividend on the said sum of 100,000 *l.*, the capital of the said tramway company :

And whereas by an indenture also bearing date the 1st day of March 1870, and made between the Secretary of State in Council of the first part, the said tramway company of the second part, the several persons therein named being the liquidators of the said tramway company of the third part, and the Carnatic Company of the fourth part, it was, in pursuance and further performance of the said agreement in that behalf, amongst other things agreed that the Carnatic Company should alter the gauge of the said railway from Arconun to Conjeveram, and open an extension line of railway from Conjeveram to Cuddalore, or to such other place near Cuddalore as might be determined on, and that the sum of 740,000 *l.* should be raised by the Carnatic Company for the purposes of the indenture now in recital by the issue of shares or ordinary or debenture stock at a price to be fixed by the Secretary of State in Council, and all premiums given for shares or stock were to be carried to an account of "capital not bearing interest;" and that the land required for the alteration of gauge and for the said extension line should be provided by the Secretary of State in Council, and that the said sum of 740,000 *l.* and the further moneys which might be required for the purposes of the said extension line should be paid by the Carnatic Company into the Bank of England to the account of the Secretary of State in Council, to be from time to time drawn out for the purposes of the works, and that the land provided for the same railways when altered and completed should be leased to the Carnatic Company for the term of 999 years, from the 1st day of March 1870, and that the Carnatic Company might at any time after any portion of the said extension line should have been finished and in work for three calendar months, at least surrender and relinquish their said railways to Her Majesty for the purposes of the Government of India on such terms, and the Secretary of State in Council should pay to the Carnatic Company for the same such sum of money as therein mentioned, and that the Secretary of State in Council might at any time during the first six calendar months after the expiration of the 20th year, computed from the date of the indenture now in recital, or at any time during the first six calendar months after the expiration of any succeeding tenth year, computed from the same date up to and inclusive of the 990th year computed as aforesaid, purchase the same railways and works on the terms therein mentioned, and should pay for the purchase of the same premises such sum of money as therein mentioned and that the Secretary of State in Council should from time to time during the said determinable term of 999 years pay to the Carnatic Company interest at the rate of 5 per centum per annum on the said sum of 60,000 *l.* stock in the Carnatic Company, and also on such part of the said sum of 740,000 *l.* as therein mentioned,

mentioned, and that no interest should be paid by the Secretary of State in Council on moneys carried to the account of "capital not bearing interest," and that the net earnings which should be realised during any year after such deductions for working and management and other purposes as therein mentioned, should thenceforth belong to the Secretary of State in Council as part of the revenues of India, provided that in case in any year such net earnings should exceed the aggregate amount of interest payable for such year by the Secretary of State in Council under the covenants therein contained, then a moiety of such excess should belong and be paid to the Carnatic Company for their own use and benefit:

And whereas both the said railways agreed to be constructed by the Great Southern Company under the said indentures of the 1st day of September 1858 and the 21st day of April 1864 respectively, have been completed and opened, but no lease has yet been granted to the Great Southern Company by the Secretary of State in Council of either of the said railways, and the extension railway provided for by the said indenture of the 12th day of March 1872 has been selected, and works have been commenced thereon:

And whereas the alteration by the Carnatic Company of the gauge of the said railway from Arconum to Coujeveram, which was provided for by the said indenture of the 1st day of March 1870, has not been effected, and the construction of the said extension line from Coujeveram to Cuddalore, which was provided for by the same indenture, has not been commenced:

And whereas the aggregate amount of the capital which has been raised by the Great Southern Company for the purposes of their railways by the issue of shares or ordinary stock, exclusive of moneys representing premiums paid on the issue of shares or stock, but including moneys represented by shares or ordinary stock which have been taken in exchange for debentures, is the sum of 2,367,908 *l.*, and upon the sum of 2,017,908 *l.*, part of the last-mentioned sum, the Secretary of State in Council has agreed to pay to the Great Southern Company during the said term of 99 years, from the 1st day of January 1864, interest at the rate of 5 per centum per annum, and upon the sum of 350,000 *l.*, the residue of the said sum of 2,367,908 *l.*, the Secretary of State in Council has agreed to pay to the same Company during the same term interest at the rate of 4 *l.* 15 *s.* per centum per annum:

And whereas, besides the said sum of 2,367,908 *l.*, so as aforesaid raised by the issue of, or represented by shares or ordinary stock, the Great Southern Company have power under their said agreement with the Secretary of State in Council, to raise a further sum of 11,692 *l.*, which represents a portion of the capital subscribed for, but not yet called up, upon shares of 20 *l.* each. The Secretary of State in Council has agreed to pay to the Great Southern Company during the same term interest on the last-mentioned sum at the rate of 5 *l.* per centum per annum when the same shall have been paid into the Bank of England pursuant to the said agreement:

And whereas the aggregate amount of the capital which has been raised by the Great Southern Company for the purposes of their railways by the issue of debenture stock is the sum of 425,000 *l.*, and the Secretary of State in Council has agreed to pay to the Great Southern Company interest on the last-mentioned sum at the rate of 4 *l.* 10 *s.* per centum per annum:

And whereas the aggregate amount of the capital which has been raised by the Great Southern Company for the purposes of their railways by the issues of mortgages or debentures, and upon which the Secretary of State in Council is now liable to pay interest is the sum of 40,300 *l.*, and the rate of interest payable on the same sum is 5 *l.* per centum per annum, and the mortgages or debentures for securing the same sum are all convertible into shares or stock, and the Secretary of State in Council has agreed to pay the principal moneys due on such of the same mortgages or debentures as shall not be converted into shares or stock, and the Great Southern Company have power under their Acts to raise a further sum by the issue of mortgages, debentures, or debenture stock:

And whereas the aggregate amount of the capital which has been raised by the Great Southern Company, and carried to the account of "capital not bearing interest," is the sum of 36,000 *l.*:

And whereas a balance of cash is now standing in the Bank of England to the account of the Secretary of State in Council, which balance represents the

unexpended portion of the capital raised by the Great Southern Company for the purpose of their railways:

And whereas the aggregate amount of the capital which has been raised by the Carnatic Company by the issue of shares or ordinary stock, exclusive of moneys representing premiums paid on the issue of shares or stock, but including and treating as part thereof, and as if the same sum had represented cash of the same amount raised by the issue of stock, the said sum of 60,000 *l.* stock issued as mentioned in the said indenture of the 1st day of March 1870, is the sum of 769,041 *l.* 12 *s.*, and the Secretary of State in Council has agreed to pay to the Carnatic Company during the said term of 999 years interest upon that sum at the rate of 5 *l.* per centum per annum, and besides the said sum of 769,041 *l.* 12 *s.* so as aforesaid raised by the issue of shares or ordinary stock, the Carnatic Company have power under the last-mentioned indenture to raise a further sum of 30,958 *l.* 8 *s.*, which represents a portion of the capital subscribed for, but not yet called up upon 1,759 shares of 20 *l.* each, and the Secretary of State in Council is under the same indenture liable to pay to the Carnatic Company interest on the last-mentioned sum at the rate of 5 *l.* per centum per annum when the same shall have been paid into the Bank of England pursuant to the same indenture:

And whereas the aggregate amount of the capital which has been raised by the Carnatic Company and carried to the account of capital not bearing interest is the sum of 22,200 *l.*:

And whereas a balance of cash is now standing in the Bank of England to the account of the Secretary of State in Council, which balance represents the unexpended portion of the capital raised by the Carnatic Company for the purposes of their railway:

And whereas the aggregate amount of the said sums of 2,367,908 *l.* and 769,041 *l.* 12 *s.*, so as aforesaid represented by shares or ordinary stock in the Great Southern and Carnatic Companies respectively, is the sum of 3,136,949 *l.* 12 *s.*, and the aggregate amount of the said sums of 11,692 *l.* and 30,958 *l.* 8 *s.*, which the Great Southern and Carnatic Companies respectively have as aforesaid power to raise, and which represent uncalled-up capital as aforesaid, is the sum of 42,650 *l.* 8 *s.*, and the aggregate amount of the said sums of 36,000 *l.* and 22,200 *l.*, so as aforesaid carried by the same companies respectively to the account of capital not bearing interest is the sum of 58,200 *l.*:

And whereas application is about to be made to Parliament for an Act to amalgamate the Great Southern Company and the Carnatic Company under the name of the South Indian Railway Company, and a Bill for an Act has been already settled and agreed on, and it is proposed that these presents should be confirmed by the said Act, and that the said Act shall commence on the 1st day of July 1874:

And whereas it has been agreed that the Secretary of State in Council shall co-operate with the amalgamated Company in the construction of the line of railway from Trichinopoly to Tuticorin, so as aforesaid selected, and also of a line of railway from Madras to Tanjore in the manner and upon the terms hereinafter mentioned:

And whereas it is intended that wherever the words "the Company" are used in these presents, they shall mean the amalgamated company, and that wherever the words "the original lines" are used in these presents they shall mean the said lines of railway from Negapatam to Trichinopoly, and from Trichinopoly to Errode, and from the Arconum Junction to Conjeveram, and the telegraphs and works connected therewith respectively, and that wherever the words "the extension lines" are herein used, they shall mean the said projected lines of railway from Trichinopoly to Tuticorin, and from Madras to Tanjore, and the telegraphs and works connected therewith respectively, and that wherever the words "the railway" are herein used, they shall mean and include all the said lines of railway and the telegraphs and works connected therewith respectively:

And whereas the agreement hereby entered into on behalf of the Secretary of State in Council is so entered into with the concurrence of a majority of vote at a meeting of the Council of India:

NOW THIS INDENTURE WITNESSETH, that in consideration of the premises, each of the said parties hereto doth hereby agree with the other of them as follows:—

1. That all accounts and transactions between the Secretary of State in Council, and the great Southern Company and the Carnatic Company respectively, whether such accounts and transactions shall have arisen out of, or been connected with, or related to the contracts hereinbefore recited, or otherwise, shall be finally made up, wound up, and settled to the 30th day of June 1874, inclusive.

All accounts to be wound up to the 30th day of June 1874, inclusive.

2. That in making up and settling such accounts, in every case in which it shall be, or shall have been necessary for any purpose to fix a rate of exchange, either in respect of past or present transactions, such rate shall be deemed to have been and shall be at one fixed rate of 1 s. 11 d. per Government rupee. And in every case in which any transaction may have taken place on the footing of a different rate, such transaction shall for this purpose be opened, and the last-mentioned rate be substituted, it being intended that this clause shall have a retrospective operation, and in every transaction which may hereafter take place between the Secretary of State in Council and the company, the rate of exchange shall also be 1 s. 11 d. per Government rupee.

Rate of exchange to be 1 s. 11 d. per Government rupee.

3. That as from and after the 30th day of June 1874 all contracts and agreements then subsisting between the Secretary of State in Council, and the Great Southern Company and the Carnatic Company, respectively contained in the hereinbefore recited indentures, or any of them as hereinbefore mentioned or referred to, and all other contracts and agreements whatsoever between the Secretary of State in Council and the same two companies respectively, shall be rescinded and cease to be binding or have any effect, and these presents shall, as from the last-mentioned day, be substituted for the contracts and agreements so rescinded, and shall thenceforth be the only contract in force between the Secretary of State in Council and the company.

Existing contracts to be rescinded as from the commencement of the Act.

4. That it shall be lawful for the Secretary of State in Council to determine, fix upon, and select the route and direction of an extension line of railway to commence at or near to Madras, and to proceed to, or near to Tanjore, and the company will at their expense, in addition to any surveys and estimates which have been already made, make such further surveys and frame such further estimates as the Secretary of State in Council may think necessary and require, to enable him to ascertain with more particularity the probable cost of such line, and that such further surveys shall be conducted and further estimates framed under such supervision and in such manner in all respects as the Secretary of State in Council shall direct.

Selection of line.

5. That the Secretary of State in Council shall give notice to the Company of the line to be so selected as aforesaid, or of any part or parts thereof as such part or parts shall from time to time be fixed upon, and it shall be lawful for the Secretary of State in Council from time to time, or at any time, to alter the route or direction of the extension lines, or either of them, or to extend or limit the same respectively as he shall think fit. Provided always, that if such alteration of route or direction shall be made after the extension lines or line shall have been commenced in a previously selected route or direction, the expense of the same lines or line, or in any way incident to such alteration, shall be considered as properly incurred by the Company.

Notice of line.

6. That the Secretary of State in Council will from time to time, as may be necessary, provide the land which shall be required for the extension lines respectively, or for the part or parts thereof respectively selected as aforesaid, and for the works connected with the same lines respectively, and for proper stations, offices, warehouses, and such other conveniences for the same respectively as the Secretary of State in Council may determine to be necessary or desirable, and shall give to the company possession thereof, and that all land of which possession shall be so given to the company which shall not be permanently required for the purposes of the railway, shall, as soon as practicable, be restored and delivered up by the company to the Government of India for the use of Her Majesty, her heirs and successors, for the purposes of the Government of India.

Land.

Works.

7. That the company shall, subject to the supervision and control hereinafter prescribed as to the extension lines which have been commenced, viz., from Trichinopoly to Tuticorin, and from Madras to Tanjore, forthwith proceed with diligence in the construction of the extension lines, and of all such stations, offices, warehouses, fixed machinery, and other works and conveniences, including works for the defence of stations, bridges, or any other building or structure connected with the railway as in the opinion of the Secretary of State in Council (such opinion to be certified in writing under the hand of some officer of the Government) shall be necessary or expedient, as well with reference to the original construction of the railway and the working thereof, as with reference to the permanent maintenance thereof, and its defence against hostile attacks and protection from injury or destruction by inundation, tempests, or other causes whatsoever. Provided always, that if the costs incurred in the erection of such defences shall exceed the sum for which such stations, bridges, or other buildings or structures might have been constructed as efficient defences for the purposes of the railway, only such excess shall be paid by the Government, the question of such efficiency and the amount of such excess being determined by the Secretary of State in Council, and the said extension lines shall be made on such gauges or gauge, and with such gradients as the Secretary of State in Council shall, in writing, direct; and the railway shall be furnished with rails of such weight and strength as the Secretary of State in Council may direct; and such rails shall be laid down and secured in such manner, and shall consist either of a single or double line of rails as the Secretary of State in Council shall in writing direct, and the railway shall, if required by the Secretary of State in Council, and at such time or times as he shall in writing require, be kept or be provided with an electric telegraph constructed along all of such part or parts of the railway, and upon such principle and under such regulations as to its use and the terms of its use as the Secretary of State in Council shall in writing direct or approve of; and the Company shall from time to time attend to, execute, and perform all such directions in writing as may from time to time be given by the Secretary of State in Council for any deviations from or alterations in any directions or requisitions previously made or given with respect to the railway or to the premises; and the Company shall, as soon as both or either of the extension lines shall be completed, as the case may be, for such a distance as in the opinion of the Secretary of State in Council shall be desirable, open the same respectively for the conveyance of passengers and goods.

Opening.

8. That it shall be lawful for the Secretary of State in Council from time to time, by notice to the Company, to require any specified part or parts of the extension lines, or of either of them, to be completed as aforesaid, and to be opened for the conveyance of passengers and goods before the remaining part or parts thereof respectively shall be constructed, and such requisitions shall be complied with and fulfilled by the Company, and if at any time or times it shall in the opinion of the Secretary of State in Council be desirable that a double line of rails, or any additional line of railway, shall be constructed, in addition to any line of railway then already constructed, for the purpose of relieving the traffic on any portion of such line or lines, and for providing further accommodation or for any other purpose, and the Secretary of State in Council shall give to the Company notice in writing to construct such additional line or lines, the Company will forthwith construct the same on the same or similar terms to those herein provided as to the extension line or lines.

Money capital.

9. That the Company shall pay into the Bank of England, to the account of the Secretary of State in Council, the said sum of 42,650 *l.* 8 *s.* sterling, so representing uncalled-up capital as aforesaid, by such instalments and at such times as the Secretary of State in Council may require, and such payments may be made in London: provided always, that if the Company shall receive any portions of the said sum of 42,650 *l.* 8 *s.* in India it shall be lawful for them to pay the amount so received into the treasury at Madras in or towards satisfaction of the said instalments, and the acknowledgments of such respective payments there shall, when produced to the Secretary of State in Council in London, be considered and taken as payments on the respective days of payment thereof, in part satisfaction of the said sum of 42,650 *l.* 8 *s.*, at the exchange of 1 *s.* 11 *d.* for each Government rupee: provided always, that such payments into the treasury

treasury at Madras shall not exceed the amounts which may from time to time be required for expenditure in India, such limit being determined upon by the Secretary of State in Council.

10. That as often as and when any money shall be required by the Company for any works or purposes which shall have been sanctioned by the Secretary of State in Council, and which are about to be executed, or in course of execution, or have already been performed, to the satisfaction of the Secretary of State in Council, such moneys may be drawn in such sums as shall from time to time be necessary by the Company in London or in India, according to such arrangements as shall be made from time to time with the Secretary of State in Council for that purpose, but 10 days' notice of every such draft or proposed draft shall be given to the Secretary of State in Council, or to the Government in India, or to such authority as the Government in India may direct, and all sums of money which shall be so drawn in India shall be set off at the exchange of 1s. 11d. for each Government rupee against any money which may have been paid into the Bank of England to the account of the Secretary of State in Council, and the Company shall not in any case be entitled to draw in London or in India to an extent greater than the balance in their favour for the time being.

Drafts on capital

11. That as to the original lines, and every part of the extension lines which shall for the time being have been completed, the Company will at all times, subject to the supervision and control hereinafter mentioned, provide, to the satisfaction of the Secretary of State in Council, a good and sufficient working stock of engines, carriages, and other plant and machinery, for working the railway, or such part or parts thereof as shall have been completed as aforesaid, and for carrying on the business and traffic of the same, and the Company shall carry on the business of common carriers of goods and passengers upon the railway, and for that purpose shall cause to be run on the railway so many trains at such time and at such rates of speed, and between such places, and with such conveniences and accommodations as the Secretary of State in Council shall from time to time require. And the Company shall at all times allow the use of the railway to the public on such terms as shall be approved by the Secretary of State in Council; but the Company shall be empowered to charge such fares for the carriage of passengers and goods, and such tolls for the use of the railway as they shall think fit, provided such fares and tolls respectively shall never exceed a maximum rate, to be from time to time fixed for the same respectively, and altered, if need be, by the Secretary of State in Council, which maximum rates respectively shall, when such net receipts as are herein mentioned shall in any year have exceeded 10 per cent. upon the whole capital outlay, be reduced in accordance with any requisition of the Secretary of State in Council in that behalf, but only with a view of limiting the said fares, rates, and tolls so far that the net receipts shall not exceed 10 per cent. as aforesaid.

Plant, fares, and tolls

12. That the Secretary of State in Council will, when required so to do by the Company, grant to the Company a lease of or otherwise secure to them a right and title to the land which has been provided for the original lines, and for the works and conveniences belonging thereto respectively, or for any of such lines respectively, for a term of 999 years, commencing from the 1st day of March 1870, unless the same shall be sooner determined under the provisions herein contained, and upon completion of the extension lines or either of them, or of any part or parts thereof respectively, which shall have been required by the Secretary of State in Council to be completed before the construction of the remaining part, the Secretary of State in Council shall grant to the company a lease of, or otherwise secure to them, a right and title to the land which shall have been provided under the provisions hereinbefore contained, or of so much thereof as shall be required for the completed line, and for the works and conveniences thereto belonging for a term of 999 years, commencing from the said 1st day of March 1870, unless the same shall be sooner determined under the provisions herein contained, and the Secretary of State in Council shall guarantee to the company the right to and possession of all such land so to be leased, as against any claimant, but shall not be called upon to show any title thereto.

Title to land

13. That the Secretary of State in Council may from time to time during the construction of the said extension lines respectively, give to the Company their officers, servants, and agents all such orders and directions as the Secretary of State

Supervision. Government Director may be appointed. His powers and privileges.

State in Council shall think fit with reference to the time, cost, and manner within, at, and in which respectively the extension lines respectively, or any part or parts thereof respectively, shall be constructed, carried on, and completed, and the company will strictly comply with, execute, and perform all such orders and directions, and the company and their officers, servants, and agents, as also their accounts and affairs, shall in all things, at all times, be subject to the superintendence and control of the Secretary of State in Council, as well in England, as elsewhere, and in particular that no bye-laws, contracts, orders, directions, proceedings, works, or undertakings, acts, matters, or things whatsoever shall at any time be made, done, entered into, commenced, or prosecuted by or on the part of the company, unless previously sanctioned in writing by the Secretary of State in Council, or by the Executive Government in India, or in some other manner to be prescribed by the Secretary of State in Council, or by the Executive Government in India, and that no moneys shall be raised by the company by any other means than by calls upon or payments in respect of the shares or stock of the company without the sanction of the Secretary of State in Council in writing, and no extension in the number of shares in the company or in the amount of its stock or capital shall be made unless sanctioned in like manner, and generally that it shall be lawful for the Secretary of State in Council from time to time to give to the company, their officers, servants, and agents all such orders and directions as the Secretary of State in Council shall think fit, with reference to the railway and with reference to any contracts, orders, and directions to be entered into, made, or given, with regard thereto, and otherwise, with reference to the same, all which contracts, orders, and directions shall be executed and followed by the company to the satisfaction of the Secretary of State in Council; the costs and expenses of the same which shall have been allowed and sanctioned by the Secretary of State in Council being paid out of the capital of the Company, and that for better enabling the Secretary of State in Council to exercise the control and direction intended to be hereby secured, the company shall record and keep in proper books for that purpose full and particular accounts of all their transactions and proceedings, including full and true minutes of all their meetings, meetings of directors, communications with India, and correspondence so as at all times to exhibit thereby fully and truly the state of their affairs and proceedings, and that the Secretary of State in Council and any person or persons appointed by him in that behalf shall at all reasonable times have free access to all the books, accounts, papers, and documents of the company (except communications between the company and their legal advisers), and power to make copies of or extracts from the same, whether such books, accounts, papers, and documents, relate to the railway and works or any of them, or to any other matters and things whatsoever in which the company shall or may be interested, and for the purpose aforesaid it shall be lawful for the Secretary of State in Council from time to time to appoint any one person not being a shareholder of the company to be a director of the company in addition to the directors of the company for the time being appointed by the shareholders, and whether the number of the other directors shall be complete or not, which director shall be called the Government Director, and if, and when appointed, shall rank as and be one of the board of directors of the company, and be entitled in all things to act as such, and to exercise at his discretion a right of veto in all proceedings whatsoever at boards of the said directors, except proceedings for the purpose of communicating with the legal advisers of the company, and shall not be removable except by order of the Secretary of State in Council. And further, it shall be lawful for the Secretary of State in Council from time to time to appoint any one person, not being a shareholder of the company, to be called the Deputy Government Director, who shall have power to perform all the functions of the Government Director in his absence, and everything done by the Deputy Government Director in the place or on behalf of the Government Director shall have the same effect as if done by the Government Director in person. Provided always that the Secretary of State in Council shall not be authorised to appoint any officer or servant connected with the company, except such Government Director and Deputy Government Director as aforesaid, and neither the said Government Director nor the said Deputy Government Director shall be entitled to or receive any salary from the company.

14. That all the expenses of the company shall from time to time be stated and submitted to the Secretary of State in Council for his sanction and approval, and as between the company and the Secretary of State in Council shall be allowed so far only as the same shall from time to time be sanctioned and approved by the Secretary of State in Council. Provided always that the last-mentioned stipulation shall not interfere with any such subsidiary agreement or agreements (if any) as from time to time may be made between the company and the Secretary of State in Council for the performance of any part or parts of the railway at any sum or sums of money to be specified in such subsidiary agreement or agreements, in which case the expenses in respect of the same shall be allowed and taken at the sum or sums which shall be agreed upon.

Sanction of expenditure.

15. That a capital account relating to the construction of the railway and the works, conveniences, and telegraphs thereto belonging and relating to the original cost of engines, carriages, plant and machinery, to be called "The Capital Account of the South Indian Railway Company," shall be kept by the Company, to which account all moneys paid by the Company, the expenditure of which shall have received the sanction and approval of the Secretary of State in Council, shall from time to time be carried, and at any time or times, if the Secretary of State in Council shall so require, the said capital account shall be made up, and a statement shall be furnished to the Secretary of State in Council of the aggregate amount of capital, which according to such account shall have been expended, and such amount shall by examination of such account be ascertained and certified by the Secretary of State in Council, and the cost of maintaining the railway, with its machinery and stock in good working condition, shall as to the original lines at all times, and as to the extension lines respectively from the expiration of two years next after the opening of the same respectively, or any part or parts thereof respectively, be payable by the Company out of the revenue of the Company, including any interest to be received from the Secretary of State in Council as hereinafter is mentioned, but upon any additions, alterations, or improvements such as shall properly be chargeable to the capital account being thereafter made with the sanction and approval of the Secretary of State in Council, to, of, or in the said railway, or the works, conveniences, or telegraphs thereto belonging, or the engines, carriages, and other plant and machinery belonging thereto, the cost necessarily incurred in executing such additions, alterations, or improvements shall be added to the said capital account: And if it shall happen that any liability shall be incurred to third persons for consequential damage caused by any works executed by the Company, under the sanction or authority of the Secretary of State in Council, all expenses necessarily incurred in satisfying the same shall be paid by the Company, and added to the said capital account, and the said capital account shall from time to time be made up and stated afresh as occasion shall require, and be ascertained and certified accordingly

Capital account.

16. That the Company shall at all times during the said determinable term of 999 years, keep the railway, or so much thereof as shall be completed and opened for traffic, and the works and conveniences belonging thereto, and the telegraphs on or belonging to the same, in a state of good repair and in good working condition, to the satisfaction of the Secretary of State in Council, and shall keep the railway fully provided with rolling stock and plant in good repair, and adequate to the service thereof, to the satisfaction of the Secretary of State in Council.

Repair and maintenance of rolling stock.

17. That the Company shall in such forms and under such heads or divisions as shall be prescribed by the Secretary of State in Council, keep accounts of all receipts and payments whatsoever in respect of the railway other than such receipts and payments as properly belong to the capital account hereinbefore agreed to be kept, and such accounts shall be called "The Revenue Account" of the South Indian Railway Company, and shall be made up half-yearly to the 30th day of June and the 31st day of December, both inclusive, in every year, or to such other days in the year as the Secretary of State in Council shall from time to time appoint, and shall be regularly transmitted to the Secretary of State in Council, who shall be at liberty at all times in auditing the same accounts to make any corrections therein which may be necessary.

Revenue account.

Deposit of revenue
and drafts thereon.

18. That all earnings received by or on account of the Company in India, shall be paid at such times and in such manner as the Secretary of State in Council shall direct, without any deduction under any pretence whatever, into the treasury of the Government of India at Madras, to an account to be kept separately to be called "The Revenue Account" of the South Indian Railway Company, and when any money shall be required by the Company for any purpose sanctioned by the Secretary of State in Council, or by the Executive Government of India, such money may be drawn by the Company according to such arrangements as shall from time to time be made with the Secretary of State in Council, or the Executive Government of India for that purpose.

Guarantee of
interest on capital
already raised by
shares and on
capital to be here-
after raised.

19. That the Secretary of State in Council shall from time to time during the said determinable term of 999 years, pay out of the revenues of India to the Company in London half-yearly on the 31st day of December and the 30th day of June in every year, interest on the sum of 2,786,949 *l.* 12 *s.* sterling, at the rate of 5 *l.* per centum per annum, and interest on the sum of 350,000 *l.* sterling, at the rate of 4 *l.* 15 *s.* per centum per annum, the first payment of such interest to be made on the 31st day of December 1874, and to be computed from the 30th day of June 1874, and the Secretary of State in Council shall from time to time during the said determinable term of 999 years pay out of the revenues of India to the Company in London half-yearly, on the 31st day of December and the 30th day of June in every year, interest at the rate of 5 *l.* per centum per annum on such part of the said sum of 42,650 *l.* 8 *s.* sterling, as shall for the time being have been paid into the Bank of England to the account of the Secretary of State in Council, or into the Treasury in India as aforesaid, the first payment of the interest on such part of the said sum of 42,650 *l.* 8 *s.* as shall bear interest being considered in the first instance as running from the day on which the same part shall have been so paid into the Bank of England, or into such treasury in India to such account as aforesaid.

Excess above.

20. That if the expenditure of the Company in making the extension lines or otherwise in respect of the matters to be included in the said capital account relating to the railway, shall exceed the aggregate amount of the said balances of cash so as aforesaid standing in the Bank of England to the account of the Secretary of State in Council as aforesaid, plus the said sum of 42,650 *l.* 8 *s.*, the money necessary to meet such excess shall be raised and paid by the Company into the Bank of England, to the account of the Secretary of State in Council, and the Secretary of State in Council shall from time to time during the then residue of the said determinable term of 999 years, pay out of the revenues of India to the Company half-yearly, on the days aforesaid, interest on all such moneys, whether the same shall be raised by the issue of shares or of ordinary or debenture stock, or on loan at such rate or rates per annum as may be mutually agreed on, such interest in the said respective cases to be calculated from the respective times when the same moneys shall have been paid, into the Bank of England as aforesaid: Provided always that the price, mode, and terms in and on which any further moneys shall be raised, or capital created, shall in all respects be determined on and fixed by the Secretary of State in Council, and the raising, creation, and issue of such moneys and capital respectively, shall be in all respects subject to his sanction, and under his superintendence and control, and that in case of any moneys being raised by payment of a premium for shares or stock, the Secretary of State in Council shall not pay any interest on such premium, but the same shall be carried to the account to be headed "Capital not bearing Interest."

Guarantee interest
on existing debenture
stock.

21. That the Secretary of State in Council will, from time to time, during the said determinable term of 999 years, pay out of the revenues of India, to the Company in London half-yearly, on the 31st day of December, and the 30th day of June in every year, interest at the rate of 4 *l.* 10 *s.* per centum per annum, on the said sum of 425,000 *l.* debenture stock, and will, on the expiration or the earlier determination under any of the provisions of these presents of the said determinable term of 999 years, hereby agreed to be granted, thenceforth and for ever thereafter pay interest at the like rate to the respective holders of the same debenture stock on the amount of the stock for the time being held by him or them, and the first payment of such interest shall be made on the 31st day of December 1874, and shall be computed from the 30th day of
June

June 1874: Provided always, and it is hereby expressly declared and agreed, that if any holder of any part of the said debenture stock shall during the said term of 999 years require to be paid, and shall be paid directly by the Secretary of State in Council, any interest on the debenture stock held by him, the amount of the interest so paid shall be deducted from the sum which under this present clause would otherwise have been payable to the Company by the Secretary of State in Council.

22. That the said sum of 58,200*l.* shall be carried to the account, to be headed "Capital not bearing interest," and all moneys which shall for the time being be standing to the same account shall in all other respects except bearing interest be treated as capital, and be applicable for all the purposes for which the capital which does bear interest is or shall be applicable.

Application of money standing to the account "Capital not bearing interest."

23. That the Secretary of State in Council will from time to time as often as and when the half-yearly interest payable in respect of such of the mortgages or debentures issued in respect of the said sum of 40,300*l.* as shall not previously to the time for payment of interest have been exchanged for shares or stock, shall become due, and so as duly to provide for the payment of such interest, pay out of the revenues of India the amount of such interest into the Union Bank of London, or other the bank for the time being of the Company, to an account to be called "The South Indian Railway Mortgage Account," and will, on the respective days on which the principal moneys secured by such mortgages or debentures are appointed to be paid, duly pay out of the revenues of India to the same account the amount of the principal sums payable on such respective days, on such of the said mortgages or debentures as shall not previously to such days respectively have been exchanged for shares or stock, and that notwithstanding anything contained in any mortgages or debentures executed and issued as aforesaid, the Company shall not be subject or liable to any action or suit at law, or in equity, upon, or by virtue of such mortgages or debentures, but that the Secretary of State in Council will at all times hereafter (the costs and charges being defrayed out of the revenues of India) well and sufficiently protect, save harmless, and keep indemnified, the Company, and their lands, tenements, goods, chattels, and effects whatsoever, of, from, and against all actions, suits, losses, costs, charges, damages, and expenses whatsoever, which they shall or may suffer, sustain, expend, or be put unto, or which shall or may be commenced, instituted, sued, or prosecuted against them by reason, or in consequence of, the said mortgages or debentures, or any of them: Provided always and it is hereby expressly declared and agreed, that if any holder of any of the mortgages or debentures issued in respect of the said sum of 40,300*l.* shall require to be paid, and shall be paid directly by the Secretary of State in Council, any principal moneys or interest due to him in respect of his mortgages or debentures, the amount of the principal moneys or interest so paid shall be deducted from the sums which under this present clause would otherwise have been payable for principal, or interest, as the case may be, by the Secretary of State in Council to the Company.

Guarantee of principal and interest on existing debentures.

24. That upon the holder of any of the mortgages or debentures issued in respect of the said sum of 40,300*l.*, availing himself of the option given to him under the terms of his mortgage, and exchanging the said mortgage or debenture for shares or stock in the Company to the same amount the Secretary of State in Council shall, during the then residue of the said determinable term of 999 years hereby agreed to be granted, pay out of the revenues of India to the Company, half-yearly, on the 30th day of June, and the 31st day of December in every year, interest at the rate of 5*l.* per centum per annum on the capital sum represented by the mortgages or debentures which shall have been so exchanged, such interest being considered in the first instance as running from the last day on which interest shall have become payable on the same mortgages or debentures previously to the exchange thereof for shares or stock.

Guarantee on stock to be taken in exchange for debentures.

25. That all moneys which, under the covenant in that behalf contained in the 23rd clause of these presents, shall be paid by the Secretary of State in Council in satisfaction of the principal moneys secured by such of the mortgages or debentures issued in respect of the said sum of 40,300*l.* as shall not be exchanged for shares or stock, shall be treated and considered as capital contributed by the Secretary of State in Council out of the revenues of India to the

Principal moneys paid by Secretary of State in Council to be treated as capital contributed to the joint stock of the company.

joint stock of the Company, and in order to give full effect to the rights of the Secretary of State in Council in respect of the capital so contributed, the Secretary of State in Council shall be at liberty at any time to name a person or persons into whose name or names, as trustee or trustees, for Her Majesty, on account of the Government of India, an equivalent number of shares, or amount of capital stock, may be placed and registered, and thereupon such shares or capital shall be so entered and registered accordingly, and such person or persons shall be and possess all the rights of shareholders or stockholders in the Company, including the right to receive or be allowed a due proportion of any moneys payable by the Secretary of State in Council to the Company on the surrender or resumption of the railway under any clause herein contained.

Share capital may be increased to pay off debentures.

26. That in order to give effect to the option so as aforesaid given and to be given to the holders for the time being of the said mortgages or debentures issued in respect of the said sum of 40,300 £. of exchanging such mortgages for shares or stock in the Company in case such option shall be exercised by such holders for the time being of the said mortgages or debentures, or any of them, it shall be lawful for the said Company, and they are hereby authorised and required by the Secretary of State in Council to issue from time to time, as occasion shall require, additional shares or stock in their capital to a further amount not exceeding the said sum of 40,300 £., and to allot such shares or stock to be so issued from time to time to the holders for the time being of the said mortgages or debentures, or any of them who shall exercise such option of exchanging their respective mortgages or debentures for shares or stock in exchange for the mortgages or debentures in respect of which such option shall be so exercised as aforesaid.

Application of profits.

27. That as from the 1st day of July 1874, during the said determinable term of 999 years, the whole net receipts which shall be realised during any half year on the railway, or any part thereof, after deducting all money which shall have been expended in the repairs and maintenance of the railway and the repair and restoration of the rolling stock and plant belonging thereto, and in working the railway, and in the management and conduct of the Company and its affairs, and which shall have been allowed or sanctioned by the Secretary of State in Council, and also deducting such sums (if any) as with the sanction of the Secretary of State in Council may have been appropriated and set apart for repairing, restoring, and making good any deterioration of the railway and works, or stock and plant (the money to be so appropriated and set apart as a reserve fund, or any part thereof being invested and accumulated, or otherwise dealt with till required, for application in any manner the Company may think fit, subject to the sanction and approval of the Secretary of State in Council) shall belong to the Secretary of State in Council as part of the revenues of India: Provided always that in case in any half year such net receipts, after making such deductions as aforesaid, shall exceed the aggregate amount of interest payable for such half year by the Secretary of State in Council under the covenants herein contained, then and in every such case a moiety of such excess shall belong and be paid to the Company for their own use and benefit.

Mails and troops.

28. That the Company will at all times during the said determinable term of 999 years convey on the railway the Government mails and postbags, and the guards and other servants of the Post Office in charge thereof free of charge, and when on duty all officers and persons in the administration of the Post Office also free of charge, and provide, free of cost, sorting carriages and any other kind of vehicle which the Secretary of State in Council may consider to be requisite for the purposes or convenience of the Post Office and its officials, and convey on the railway, when on duty, the troops in Her Majesty's service, both horse and foot, and all other persons to whom the provisions of the Mutiny Acts and regulations for the time being in force for Her Majesty's European and Indian Forces respectively shall be applicable, and all officers and men belonging to the police force, and all artisans on the business of the Government, and all officers' servants accompanying their master when on duty, and the officers and persons of similar station in life shall be entitled to travel in first class carriages at second-class fares, with the privileges as first class passengers in respect to baggage,

baggage, and the troops and men belonging to the police force and European artizans and officers' servants shall be entitled to travel in second-class carriages at the lowest fares with the privileges of second-class passengers in respect to baggage, and all other persons hereby agreed to be carried shall be entitled to travel at the lowest fares, with two tons of baggage free of charge for every 100 men so carried, and the Company will also at all times convey on the railway all general stores belonging to the Government, and all guns, ammunition, horses, and other animals used for military purposes, and all military stores, carriages, waggons, camp equipage and equipments whatsoever at the lowest rate for the time being chargeable for the carriage of such animals, goods, and merchandise, the several privileges of conveyance and carriage hereby stipulated for being at all times to be used and enjoyed in preference to and priority over the public use of the railway for conveyance and carriage.

29. That at the expiration by effluxion of time of the said term of 999 years hereby agreed to be granted, the land provided and to be provided in pursuance of these presents, with the railways thereon respectively, and all buildings, works, fixed machinery, telegraphs, and conveniences whatsoever, shall revert to and become the property of Her Majesty, her heirs and successors, for the purposes of the Government of India, free from all debts and charges whatsoever (save such as shall have been sanctioned by the Secretary of State in Council), and any lands in Great Britain which may then be held by the Company for the purposes of their business, shall be sold, and the clear moneys produced by such sale shall be paid into the Bank of England to the account of the Secretary of State in Council, and the Company shall deliver to the Secretary of State in Council for the purposes of the Government of India all plans, surveys, sections, books, printings, writings, drawings, and documents whatsoever in anywise connected with the undertakings and affairs of the Company, and the Company shall sell, and the Secretary of State in Council on behalf of Her Majesty, and for the purposes of the Government of India, shall purchase all the engines, carriages, stock, machinery, and plant which shall be then used in working the railway in connection therewith or belonging thereto, for such sum of money as shall be the fair value thereof, the same to be determined in case of difference by a valuation to be made by referees or by their umpire to be respectively appointed in the usual manner, and the Secretary of State in Council shall pay out of the revenues of India to the Company in London the sum of money to be so determined within four months after such determination, with interest thereon at the rate of 5 *l.* per centum per annum from the expiration of the said term of 999 years hereby agreed to be granted. Ultimate rights of property.

30. That it shall be lawful for the Company at any time hereafter during the said determinable term of 999 years, but not until some portion of the extension lines shall have been finished and in work for three calendar months at least, to give notice in writing of their intention to surrender and relinquish the railway and works to Her Majesty, for the purposes of the Government of India, on any day to be mentioned in such notice, so that such notice be served at least six calendar months before that day, both on the Secretary of State in Council in London, and also on the Secretary of Government at Madras, and in case of such notice being given the Company shall at the expiration thereof surrender and relinquish to Her Majesty, for the purposes of the Government of India, the railway and works accordingly, together with the telegraphs, and shall with all convenient speed sell any lands in Great Britain which may then be held by the Company, for the purpose of their business or undertaking, and pay the clear moneys to be produced by such sale into the Bank of England, to the account of the Secretary of State in Council, and shall deliver to the Government of India, or their authorised agents, on behalf of Her Majesty, for the purposes of such Government, the engines, carriages, stock, plant, and machinery belonging to the railway and works, and all plans, surveys, sections, printings, writings, drawings, and documents whatsoever connected with the undertakings and affairs of the Company, and the premises to be so surrendered and delivered shall be accepted and received accordingly, it being expressly agreed that the railway works, stations, telegraphs, engines, carriages, stock, plant and machinery, shall at the time of such surrender and delivery be in good working order, according to the covenant in that behalf hereinbefore contained on the part of the Company, and immediately upon such surrender and delivery being. Surrender.

made the Secretary of State in Council shall be bound to pay out of the revenues of India to the Company the sum of 60,000 *l.* sterling, being part of the said sum of 3,136,949 *l.* 12 *s.*, which is represented by the said sum of 60,000 *l.* stock, issued as mentioned in the said indenture of the 1st day of March 1870, and also so much of the residue of the said sum of 3,136,949 *l.* 12 *s.* as has or shall have been expended, with the sanction of the Secretary of State in Council, and also such other capital as shall be raised upon shares or ordinary stock of the Company, and be expended by the Company, with the sanction of the Secretary of State in Council, upon the railway works and premises so to be surrendered and delivered, and whether such capital shall have borne interest or not (the capital so to be paid being ascertained and certified in the manner hereinbefore mentioned), and also such amount of capital as having been raised originally on mortgage or debentures, and been expended in the like manner, shall have been converted into shares or ordinary stock of the Company, and also such parts (if any), of the capital raised for the purposes of the railway by the issue of shares or ordinary stock as shall remain in the Bank of England to the account of the Secretary of State in Council, and to discharge and indemnify the Company from all debts and liabilities incurred with the sanction of the Secretary of State in Council, and thereupon all covenants by the Secretary of State in Council hereinbefore contained for payment of interest on moneys raised by the issue of shares or ordinary stock of the Company, or on capital represented by shares or ordinary stock taken in exchange for mortgages or debentures, shall cease as from the day upon which the railway shall be surrendered and accepted, and all claims by the Secretary of State in Council on account of interest on the Company shall also cease, and the Secretary of State in Council shall be at liberty to retain out of any moneys payable to the Company, the amount of all claims and demands of any sort then existing against the Company on their revenue account, in respect of their undertakings, and which shall not be shown to have been fully satisfied and discharged. Provided always that the Secretary of State in Council shall not be liable to refund any moneys expended in the maintenance and working of any part of the railway after the same part shall have been opened for two years, which moneys, except in the case of any part of the railway having to be maintained out of capital for two years from the opening thereof, are to be provided by the Company out of the revenues of the railway, and interest as hereinbefore provided or otherwise.

Purchase.

31. That at any time during the first six calendar months after the 1st day of March 1890, or at any time during the first six calendar months after the 1st day of March 1905, or at any time during the first six calendar months after the expiration of any succeeding tenth year, computed from the 1st day of March 1905, up to and inclusive of the 995th year, computed from the 1st day of March 1870 (in case no surrender shall have been made by the Company under the last preceding clause, it shall be lawful for the Secretary of State in Council to give notice to the Company in London, and at Madras, or elsewhere in India, of his intention to purchase on behalf of Her Majesty, for the purposes of the Government of India, the railway and works, together with the stations and telegraphs (if any), and the engines, carriages, stock, plant, and machinery belonging to the railway, but subject to such debts and liabilities (if any) as may have been incurred to Her Majesty, or to the Secretary of State in Council, or to any person or persons, with the sanction of the Secretary of State in Council, and to interest on such of the said debts as carry interest from the day on which possession shall be taken of the railway, but not from any earlier time, and thereupon at the half-yearly day next but one following such notice the land provided, and to be provided as aforesaid, with the railways thereon respectively, and all buildings, works, fixed machinery, station telegraphs, and conveniences whatsoever connected therewith respectively, shall revert to and become the property of Her Majesty, for the purposes of the Government of India, and in case any lands in Great Britain shall then be held by the Company for the purpose of their business or undertaking, the same shall be sold, and the clear moneys to be produced by such sale shall be paid into the Bank of England, to the account of the Secretary of State in Council, and the Company shall at the same time deliver to the Government of India, or their authorised agents,

agents, on behalf of Her Majesty, for the purposes of such Government, the engines, carriages, stock, plant, and machinery belonging to the railway and works, and all plans, surveys, sections, books, printings, drawings, writings, and documents whatsoever in anywise relating thereto respectively, and provided notice as aforesaid shall have been given at any time during the first six calendar months after the 1st day of March 1890, or at any time during the first six calendar months after the 1st day of March 1905, or during the first six calendar months after the expiration of any tenth year computed from the last-mentioned day, up to and inclusive of the 90th year, computed from the same day, then the Secretary of State in Council shall be bound to pay in London, out of the revenues of India on the said half-yearly day next but one following such notice, for the purchase of all the same premises, a sum equal to the amount of the value of all the shares and ordinary stock of the Company issued or created with the sanction of the Secretary of State in Council for the purposes of the railway, calculated according to the mean market value in London of such shares or stock, during the three years immediately preceding the expiration of the year during six months after the expiration of which such notice to purchase as aforesaid shall have been given, and shall also be bound to indemnify the Company against all such debts and liabilities (if any) as they may have incurred to or with the sanction of the Secretary of State in Council, and as shall then be subsisting, but if notice as aforesaid shall have been given during the first six calendar months after the expiration of some tenth year subsequent to and computed from the aforesaid 90th year, in that case, instead of such payment as aforesaid, the Secretary of State in Council shall be bound to pay out of the revenues of India to the Company the sum of 60,000 *l.* sterling, being part of the said sum of 3,136,949 *l.* 12 *s.* which is represented by the said sum of 60,000 *l.* stock issued as mentioned in the said indenture of the 1st day of March 1870, and also so much of the residue of the said sum of 3,136,949 *l.* 12 *s.* as has or shall have been expended with the sanction of the Secretary of State in Council, and also such other capital as shall be raised upon shares or ordinary stock of the Company, and be expended by the Company with the sanction of the Secretary of State in Council, upon the railway works and premises so to be purchased, and whether such capital shall have borne interest or not (the capital so to be paid being ascertained and certified in the manner hereinbefore mentioned), and also such amount of capital as having been raised originally on mortgages or debentures, and being expended in the like manner, shall have been converted into shares or ordinary stock of the Company, and also such parts (if any) of the capital raised for the purposes of the railway by the issue of shares or ordinary stock as shall remain in the Bank of England to the account of the Secretary of State in Council, and also to indemnify the Company against all such debts and liabilities (if any) as they may have incurred to or with the sanction of the Secretary of State in Council, and as shall be then subsisting, and in the event of purchase taking place in either of the two ways above described the covenants hereinbefore contained for payment of interest on moneys raised by the issue of shares or ordinary stock of the Company, or on capital represented by shares or ordinary stock taken in exchange for mortgages or debentures, shall cease.

32. That if default shall be made by the Company in the raising and payment of the said sum of 42,650 *l.* 8 *s.*, or any of the instalments thereof, or of such further capital as shall be required for the construction of the original and extension lines respectively, or in the due application of any moneys drawn in London or in India as aforesaid, or if the Company shall at any time fail as regards time, cost, or any other circumstance or thing in constructing or carrying on to completion the railway and works, or any of them, to the entire satisfaction of the Secretary of State in Council, and conformably in all respects with the orders and directions to be given for that purpose by the Secretary of State in Council as hereinbefore is mentioned, or in case the Company shall cease to work the railway, or the same shall not be worked to the satisfaction of the Secretary of State in Council, or in case of any other breach on the part of the Company of any of the covenants herein contained, then, and in every such case, it shall be lawful for the Secretary of State in Council, on giving to the Company in London or other the place of their office in India, three calendar

Possession as
remedy.

calendar months' notice of his intention in that behalf, to terminate the interest of the Company in the railway, land, telegraphs and works, already taken or constructed, or to be taken or constructed as aforesaid, and, by their agents, to assume, on behalf of Her Majesty, for the purposes of the Government of India possession of the railway, lands, telegraphs, and works, and of all or any of the engines, carriages, stock, plant, and machinery provided for the same or belonging thereto, and all plans, surveys, books, printings, drawings, writings and documents whatsoever in anywise connected with the undertakings and affairs of the Company, or relating thereto, and in that case any lands in Great Britain which may then be held by the Company for the purposes of their business or undertaking shall with all convenient speed be sold, and the clear moneys to be produced by such sale shall be paid into the Bank of England to the account of the Secretary of State in Council, and in case of such notice being given the Secretary of State in Council shall be liable to repay out of the revenues of India, within six calendar months after the expiration of such notice to the Company in London, the sum of 60,000 *l.* sterling, being part of the said sum of 3,136,949 *l.* 12 *s.*, which is represented by the said sum of 60,000 *l.* stock issued as mentioned in the said indenture of the 1st day of March 1870, and also so much of the residue of the said sum of 3,136,949 *l.* 12 *s.* as has or shall have been expended with the sanction of the Secretary of State in Council, and also such other capital as shall be raised upon shares or ordinary stock of the Company, and be expended by the Company, with the sanction of the Secretary of State in Council, upon the railway works and premises, and whether such capital shall have borne interest or not (the capital so to be paid being ascertained and certified in the manner hereinbefore mentioned), and also such amount of capital as having been raised originally on mortgages or debentures, and been expended in the like manner, shall have been converted into shares or ordinary stock of the Company, after a proper deduction for all debts and liabilities then affecting the Company, or the property of the Company, the money so to be repaid to include so much (if any) of the capital raised for the purposes of the railway by the issue of shares or ordinary stock as shall then remain in the Bank of England to the account of the Secretary of State in Council and also to discharge, exonerate, and indemnify the Company from all debts, obligations and liabilities for works and expenditure undertaken with the sanction of the Secretary of State in Council, and thereupon all covenants by the Secretary of State in Council in this indenture contained for payment of interest on moneys raised by the issue of shares or ordinary stock, or on capital represented by shares or ordinary stock taken in exchange for mortgages or debentures, shall cease, and all claims by the Secretary of State in Council on the Company shall also cease, the intention of the parties hereto being that in case of the exercise by the Secretary of State in Council of the powers or authorities by this clause given to him, the said Company shall receive back such capital as aforesaid, with interest, at the rate or rates agreed on, and that the exercise by the Secretary of State in Council of the said powers and authorities shall be the only penalty to which the Company shall be liable in case of any such default by the Company as is hereinbefore mentioned, and on which such powers and authorities are made exercisable.

Repairs by the
Government of
India.

33. That if default shall be made by the Company in their covenant to keep the railway, or such parts thereof respectively as have or shall have been completed and opened for traffic, in good repair and condition for the space of one calendar month next after notice in writing in that behalf from the Secretary of State in Council to the Company at Madras or other the place of their office in India, or if default shall be made by the Company in performing their covenant to keep the railway fully provided with rolling stock and plant in good repair and adequate to the service thereof, to the satisfaction of the Secretary of State in Council, it shall be lawful for the said Secretary of State in Council, by his agents, to enter on the railway and to do and execute all such works and things as may be required for fulfilling the said covenants, and to charge the expenses of the same against the Company, by setting off the amount of such expenses against any moneys then payable, or which shall thereafter become payable, by the Secretary of State in Council, for interest in manner hereinbefore mentioned, which interest shall in such case to that extent be considered as paid and satisfied by such set-off or retainer, and shall for all the purposes of these pre-
sents

sents be regarded and considered as interest actually paid by the Secretary of State in Council to the Company in pursuance of his covenants to pay interest hereinbefore contained, and if such expenses shall not be satisfied by such set-off and retainer as aforesaid, then the Secretary of State in Council may set off and deduct the same against and from all or any part of any other moneys which shall on any account whatsoever be or become payable by the Secretary of State in Council to the Company.

34. That in every or any case in which, under the provisions of these presents, the Secretary of State in Council shall, before the expiration of the said term of 999 years, become bound to repay capital expended by the Company upon the railway as provided by the 30th, 31st, and 32nd clauses respectively hereinbefore contained, or to pay the value of stock for the purchase of the railway as provided by the 31st clause hereinbefore contained, it shall be lawful for the Secretary of State in Council, at his sole option, instead of paying a gross sum in respect of the premises, to transfer to the Company on the day on which such gross sum would have had to have been paid, such an amount of 5 l. per cent. Government of India Stock, redeemable at par at the option of such Government, as shall, taking such stock at par, amount to the sum which the Secretary of State in Council would have had to pay if he had chosen to make the payment in cash, and the amount of stock so transferred to the company shall be accepted by them in full payment and satisfaction of all moneys which the Secretary of State in Council shall have become bound to repay or pay as aforesaid. Provided always that the right to exercise such option shall not apply to the undrawn portion (if any) of the capital of the Company raised for the purposes of the railway, which portion is to be repaid to the Company with interest on such part thereof as shall bear interest under the provisions in that behalf hereinbefore contained, in case the Company shall relinquish or be deprived of the railway as aforesaid.

Capital expended may be paid in India Government Stock.

35. That if after the railway and works, including the telegraphs if required, shall have been completed and furnished with adequate working stock, the whole of the said balances so standing in the Bank of England to the credit of the Secretary of State in Council as aforesaid, and the said sum of 42,650 l. 8 s. shall not have been required for the purpose of the said capital account, such parts of the surplus of the same balances and sum respectively as shall have been raised by the issue of shares or ordinary stock shall be refunded to the Company in London, with such interest (if any) as shall be due on such parts respectively at the time, and thereupon the aforesaid covenants for payment of interest shall no longer apply to any capital which shall have been so refunded.

Return of surplus.

36. That any notice, direction, requisition, appointment, certificate of opinion, approval or sanction to be given or signified on the part of the Secretary of State in Council for any of the purposes of these presents, shall be sufficient and binding if signed by the Secretary of State for India or one of his Under Secretaries, or by the Secretary of Government at Madras, or by any other officer or servant duly authorised to act on behalf of the Secretary of State in Council in respect to the matters to which the same shall relate, and the Secretary of State in Council shall not in any case be bound in respect of matters aforesaid, unless by some writing signed in the manner before-mentioned.

Sanction of the Secretary of State in Council.

37. That the Company shall keep an office at all times hereafter during the said term hereby agreed to be granted established at Madras, or any such other place or places as shall be agreed upon between the Secretary of State in Council and the Company, and shall keep at the said office, an authorised agent or authorised agents with whom the Secretary of State in Council and the Government at Madras, or other officer or officers deputed in that behalf may communicate on affairs concerning the railway, and all drafts drawn by the said agent or agents, and all receipts of and acts done by such agent or agents on behalf of the Company, or concerning the railway, and works and stock, and the affairs thereof, shall be binding on the Company, and every notice to be given to the Company shall be sufficiently given if left at the said office, or personally served on such agent or agents.

Railway office in India and agent.

CONTRACTS AND AGREEMENTS RELATING TO

Legislation in
India.

38. That the Secretary of State in Council shall promote the passing by the Legislative Council of the Governor General of India in Council of any Act or Acts which shall be necessary or convenient for enabling the Company to fulfil in India the objects of their Undertaking, according to the terms and provisions of these presents, and the said Company shall be subject to any enactment for the regulation of the affairs of railways which may be passed by the said Legislative Council.

Agreement to be
of no effect unless
Act obtained.

39. That if the said Act to amalgamate the said Companies and confirm these presents shall not be obtained, these presents shall have no effect.

In witness whereof Sir Frederick James Halliday, Knight Commander of the Most Honourable Order of the Bath, and Major General Sir William Erskine Baker, Knight Commander of the Most Honourable Order of the Bath, being two Members of the Council of India, have hereunto set their hands and seals, and the Great Southern of India Railway Company and the Carnatic Railway Company, Limited, have hereunto respectively caused their respective Corporate Seals to be affixed the day and year first above written.

Signed, sealed, and delivered by Sir Frederick James Halliday and Sir William Erskine Baker, being two Members of the Council of India, in the presence of

Robt. Wickenden,
Clerk to H. S. Lawford,
Solicitor, India Office.

FRED. JAS. HALLIDAY.

L. S.

W. E. BAKER.

L.S.

Seal of
the Great
Southern of India
Railway
Company.

The Common Seal of the Carnatic Railway Company, Limited, hereunto affixed in the presence of

M. R. Scott, Secretary.

Seal of
the Carnatic
Railway
Company.

CONTRACT between the SECRETARY of STATE in COUNCIL and the EAST INDIAN RAILWAY COMPANY, dated 2nd March 1877.

MEMORANDUM of AGREEMENT, made the 2nd day of March, in the year of our Lord 1877, between the SECRETARY of STATE for INDIA in Council (hereinafter referred to as "the said Secretary of State") of the one part, and the EAST INDIAN RAILWAY COMPANY (hereinafter referred to as "the said Company") of the other part.

1. **THIS agreement shall come into force on the 1st day of April 1877, and shall continue in force until the 31st day of March 1879, and shall extend and apply to the various telegraphic apparatus of the said Company on their main line between Howrah and Delhi, and the branches thereof.**

2. **The said Secretary of State shall maintain in proper repair and efficient working condition as many wires, insulators, and brackets, the property of the said Company, as the said Company shall require for the working of their main line of railway between Howrah and Delhi and the branches thereof, and the said Company shall pay to the Secretary of State for such maintenance the sum of 10 rupees 8 annas per annum per wire per mile.**

3. **The said Secretary of State shall maintain in like repair and condition all telegraph posts the property of the Company situated on their same main line between Howrah and Delhi, and the branches thereof, and the said Company shall pay to the said Secretary of State for such maintenance a proportionate part of the actual cost of such maintenance, reference being had to the number of wires hanging on the said post, and in use by the said Company and by the said Secretary of State respectively; provided always, that if at any time during the continuance of this agreement both parties shall agree, a fixed sum may be charged by the said Secretary of State, and paid by the said Company for such maintenance, instead of a proportionate part of the actual cost, as hereinbefore provided.**

4. **If at any time after the coming into force of this agreement the said Company shall have hanging on their posts more wires than they require for the working of their line of railway, the Secretary of State may hire of the Company such superfluous wires, and shall pay the Company for the use of the same at such rate per annum per wire per mile as may be agreed upon between the Government of India and the agent of the Company, and the cost of maintaining and replacing such wires shall be borne by the Secretary of State, and such wires, for the purpose of fixing the sum to be paid by the Company to the Secretary of State for the maintenance of the posts, within the terms of the last preceding paragraph, shall be deemed to be the wires of the said Secretary of State.**

5. **If at any time after the coming into force of this agreement the said Company shall require a larger number of wires, with insulators and brackets, for their own purposes, than shall then be in use by them, the said Government may supply the same to the Company at the request and cost of the Company, and such wires, with such insulators and brackets, shall be the property of the Company, and the cost of maintaining and replacing such wires shall be borne by the Secretary of State in the manner provided by paragraph 2 of this agreement, and such wires, for the purpose of fixing the sum to be paid by the Company to the Secretary of State for the maintenance of the posts within the terms of paragraph 3 of this agreement, shall also be deemed to be the wires of the said Company.**

6. **If the said Secretary of State shall elect to avail himself of the power given by the 4th section of the "license," of the 18th January 1855, to hang wires on the posts of the said Company, he shall pay to the said Company for so doing a sum to be calculated in the following way; that is to say, a sum of 5 l. per cent. per annum shall be calculated on the cost price of the said posts, and of that sum of 5 l. per cent. per annum the Secretary of State shall pay to the said Company a proportionate part, according to the number of wires in use by him and the said Company respectively, and hung on the said posts.**

7. If at any time after the coming into force of this agreement the Company shall desire to hang any wire or wires for the use of the said Company on the posts of the said Government, and the said Secretary of State shall agree to their so doing, the said Company shall pay to the Secretary of State a sum to be calculated in a similar way, *mutatis mutandis*, to that specified in the last preceding paragraph as to the sum to be paid by the Secretary of State in the event therein provided for.

8. The said Secretary of State shall maintain all the telegraphic instruments at the time of the coming into force of this agreement the property of the said Company. And the Company shall pay to the said Secretary of State for such maintenance either a fixed sum to be agreed upon by both parties, or the cost price of such maintenance.

9. The said Secretary of State shall take over and purchase from the said Company all telegraph line stores in store in India at the price at which they stand in the Company's books, and also all telegraph stores at the present time invoiced to the said Company, and on board ship between England and India, and shall pay for the same the cost price thereof when landed, including all freight charges and other expenses thereon, and all Customs duties payable on the same.

10. All sums of money for rent, maintenance, or on other account, in this agreement provided to be paid by the said Secretary of State and the said Company respectively, shall be paid half-yearly.

11. In the event of any serious damage occurring to the various telegraphic apparatus hereinbefore mentioned, or any part of the same, from storm, floods, or other such cause, and of the said Secretary of State being unable to restore communication on the wires in use by the said Company, forthwith the said Company may make any temporary arrangement for restoring such communication at the expense of the said Secretary of State, and the said Secretary of State shall pay for the same upon receipt from the said Company of an account of the expense incurred.

12. The signalling staff of the said Company shall be wholly and exclusively controlled and paid by the said Company.

13. The said Secretary of State shall pay, at tariff rates, all fares and freight charges incurred by him for the conveyance of establishment and stores for construction of new lines.

14. The said Company shall supply the said Secretary of State with all appropriate free passes for the officers in charge, and for the workmen employed on the maintenance of the lines, the subject of this agreement, and shall also carry, free of charge, all stores required for the maintenance of the said lines.

15. The said Secretary of State shall station not less in number than one native lineman at each engine station of the said Company, and the said Company shall provide reasonable accommodation for such linemen on the premises of the said Company, and shall afford them all reasonable facilities for constantly inspecting the line. The said Company shall also afford the said Secretary of State reasonable accommodation for petty stores, and for the tools used by the linemen.

16. The said Company shall afford to the servants of the said Secretary of State every reasonable facility for keeping the wires clear of all trees, branches of trees, or other similar impediment to the proper insulation of the lines.

17. The said Company shall allow the servants of the said Secretary of State to inspect or test any of the said Company's office connecting wires, whenever a doubt may arise as to whether a fault may exist on a connecting wire outside or inside such office. Whenever such fault or faults may be discovered, a report shall be made by the servants of the said Secretary of State to the traffic manager of the said Company. The said Company shall also allow the servants of the said Secretary of State to test the wires in use by the Company when necessary.

18. In the event of the said Company, at the expiration of the time fixed for the duration of this agreement, resuming the maintenance of their various telegraphic

telegraphic apparatus hereinbefore mentioned, the said Secretary of State shall restore the same to the said Company in the like good order and condition as they were at the time of the making of this agreement, and thereupon all the provisions contained in the existing contracts between the Secretary of State in Council and the said Company, with respect to the telegraphs and working and repairs thereof, and otherwise relating thereto, shall thenceforth be restored, and have full force and effect as if the agreement hereinbefore contained had not been executed.

In witness whereof, Colonel Henry Yule, c.B., and Sir William Muir, K.C.S.I., being two Members of the Council of India, have hereunto set their hands and seals, and the said Company have hereunto caused their common seal to be affixed, the day and year first above written.

MEMORANDUM of AGREEMENT, made the 13th day of April, in the year of our Lord 1877, between the SECRETARY of STATE for INDIA in COUNCIL (hereinafter referred to as "the said Secretary of State") of the one part, and the MADRAS RAILWAY COMPANY (hereinafter referred to as "the said Company") of the other part.

1. THIS agreement shall come into force on the 1st day of June 1877, and shall continue in force until the 31st day of May 1879, and shall extend and apply to the various telegraphic apparatus of the said Company on their main lines between Madras and Rajchore, between Madras and Beypore, and the branches thereof.

2. The said Secretary of State shall maintain in proper repair and efficient working condition as many posts, wires, insulators, and brackets, the property of the said Company, as the said Company shall require for the working of their main lines of railway and the branches thereof, and the said Company shall pay to the Secretary of State for such maintenance the sum of ten rupees eight annas per annum per wire per mile.

3. If at any time after the coming into force of this agreement the said Company shall have hanging on the telegraph posts more wires than they require for the working of their line of railway, the Secretary of State may hire of the Company such superfluous wires, and shall pay the Company for the use of the same at such rate per annum per wire per mile as may be agreed upon between the Government of India and the agent of the Company, and the cost of maintaining and replacing such wires shall be borne by the Secretary of State.

4. If at any time after the coming into force of this agreement the said Company shall require a larger number of wires, with insulators and brackets, for their own purposes, than shall then be in use by them, the said Government may supply the same to the Company at the request and cost of the Company, and such wires, with such insulators and brackets, shall be the property of the Company, and the cost of maintaining and replacing such wires shall be borne by the Secretary of State in the manner provided by paragraph 2 of this agreement.

5. If the said Secretary of State shall elect to avail himself of the power given by the section of the license of the day of 18 , to hang wires on the posts of the said Company, he shall pay to the said Company for so doing a sum to be calculated in the following way; that is to say, a sum of 5 l. per cent. per annum shall be calculated on the cost price of the said posts, and of that sum of 5 l. per centum per annum the Secretary of State shall pay to the said Company a proportionate part, according to the number of wires in use by him and the said Company respectively, and hung on the said posts.

6. If at any time after the coming into force of this agreement the Company shall desire to hang any wire or wires for the use of the said Company on the

posts of the said Government, and the said Secretary of State shall agree to their so doing, the said Company shall pay to the Secretary of State a sum to be calculated in a similar way, *mutatis mutandis*, to that specified in the last preceding paragraph as to the sum to be paid by the Secretary of State in the event therein provided for.

7. The said Secretary of State shall, if and when requested by the Company in writing, maintain all the telegraphic instruments at any time during the continuance of this agreement the property of the said Company, and the Company shall pay to the said Secretary of State for such maintenance either a fixed sum to be agreed upon by both parties, or the cost price of such maintenance.

8. The said Secretary of State shall take over and purchase from the said Company all telegraph line stores in store in India, and also all posts not from time to time required by the said Company, at the price at which they respectively stand in the Company's books at the time of such taking over and purchase, and also all telegraph line stores at the present time invoiced to the said Company, and on board ship between England and India, and shall pay for the same the cost price thereof when landed, including all freight, charges, and other expenses thereon, and all Customs duties payable on the same.

9. All sums of money for rent, maintenance, or on other account, in this agreement provided to be paid by the said Secretary of State and the said Company respectively, shall be paid half-yearly.

10. In the event of any serious damage occurring to the various telegraphic apparatus hereinbefore mentioned, or any part of the same, from storm, floods, or other such cause, and of the said Secretary of State being unable to restore communication on the wires in use by the said Company forthwith, the said Company may make any temporary arrangement for restoring such communication at the expense of the said Secretary of State, and the said Secretary of State shall pay for the same upon receipt from the said Company of a certified account of the expense incurred.

11. The signalling staff of the said Company shall be wholly and exclusively controlled and paid by the said Company.

12. The said Secretary of State shall pay at tariff rates all fares and freight charges incurred by him for the conveyance of establishment and stores for construction of new lines.

13. The said Company shall supply the said Secretary of State with all appropriate free passes for the officers in charge and for the workmen employed on the maintenance of the lines the subject of this agreement, and shall also carry free of charge all stores required for the maintenance of the said lines.

14. The said Secretary of State shall station not less in number than one native lineman at each engine station of the said Company, and the said Company shall provide reasonable accommodation for such linemen on the premises of the said Company, and shall afford them all reasonable facilities for constantly inspecting the line. The said Company shall also afford the said Secretary of State reasonable accommodation for petty stores, and for the tools used by the linemen.

15. The said Company shall afford to the servants of the said Secretary of State every reasonable facility for keeping the wires clear of all trees, branches of trees, or other similar impediments to the proper insulation of the lines.

16. The said Company shall allow the servants of the said Secretary of State to inspect or test any of the said Company's office connecting wires whenever a doubt may arise as to whether a fault may exist in or on a connecting wire outside or inside such office. Whenever such fault or faults may be discovered a report shall be made by the servants of the said Secretary of State to the traffic manager of the said Company. The said Company shall also allow the servants of the said Secretary of State to test the wires in use by the Company when necessary.

17. In the event of the said Company, at the expiration of the time fixed for the

the duration of this agreement, resuming the maintenance of their various telegraphic apparatus hereinbefore mentioned, the said Secretary of State shall restore the same to the said Company in the like good order and condition as they were at the time of the making of this agreement, and thereupon all the provisions contained in the existing contracts between the Secretary of State in Council and the said Company with respect to the telegraphs, and the working and repairs thereof, and otherwise relating thereto, shall thenceforth be restored, and have full force and effect, as if the agreement hereinbefore contained had not been executed.

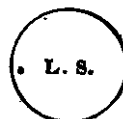
18. If any question, dispute, or difference shall arise between the Secretary of State and the said Company, whereby this agreement, or any clause, matter, or thing, herein contained, or the construction hereof, or as to the meaning of the words "reasonable accommodation" or "reasonable facilities" in the 14th and 15th paragraphs of this agreement, or as to any matter or thing in any way connected with this agreement or the operation thereof, or the rights, duties, and liabilities of either party in connection with the premises, then and in every such case the matter in difference shall be referred to and finally decided by the arbitration of the consulting engineer of the Government of Madras and the agent for the time being of the said Company, and, in case of their not agreeing, by the Government of India.

In witness whereof Sir Frederick James Halliday, K.C.B., and Major General Sir Alfred Wilde, K.C.B., C.S.I., being two Members of the Council of India, have hereunto set their hands and seals, and the said Company have hereunto caused their common seal to be affixed, the day and year first above written.

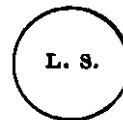
Signed, sealed, and delivered by the
above-named Sir Frederick James
Halliday and Sir Alfred Wilde,
being two Members of the
Council of India, in the presence
of

Robt. Wickenden,
Clerk to the Solicitor,
India Office.

FRED. JAS. HALLIDAY.



A. WILDE.



The Common Seal of the Madras
Railway Company, hereunto
affixed in the presence of

J. J. Smith,
W. H. Crake,
Directors.



MEMORANDUM of AGREEMENT, made on the 17th day of July 1877, between the **SECRETARY of STATE for INDIA in COUNCIL** (hereinafter referred to as "the said Secretary of State") of the one part, and the **SOUTH INDIAN RAILWAY COMPANY** (hereinafter referred to as "the said Company") of the other part.

WHEREAS the lines of telegraph on the said Company's main lines of railway and the branches thereof belong, as to the sections from Madras to Tindevanum (a distance of 75 miles), from Negapatam on the coast to Trichinopoly and Errode (a distance of 168 miles), and from Arconum to Conjeveram (a distance of 19 miles), to the Company, and as to the sections from Tindevanum to Tanjore (a distance of 140 miles), and from Trichinopoly to Tuticorin and Tinnevely (a distance of 216 miles), to Her Majesty :

And whereas the said Company, by arrangement with the said Secretary of State, have set up, used, and now use as their own property, wires on the posts of the said lines of telegraph which belong to Her Majesty, and the said Secretary of State has, by arrangement with the said Company, set up and used, and now uses as the property of Her Majesty, wires on the posts of the said lines of telegraph which belong to the said Company :

And whereas all accounts between the said Secretary of State and the said Company in relation to the use by them respectively of the said lines of telegraph prior to the commencement of this agreement have either been settled or are in course of settlement, and are not to be affected by this agreement :

NOW IT IS AGREED THAT—

1. This agreement shall be considered to have been in force on and from the 1st day of July 1877, and shall continue in force until the 30th day of June 1879, and thenceforth until the expiration of six calendar months after the day on which the said Secretary of State shall give notice in writing to the said Company, or the said Company shall give notice in writing to the said Secretary of State, of his or their wish to put an end to this agreement, which notice may be given by either party on any day, and shall extend and apply to the various telegraphic apparatus of the said Company on their main lines of railway and the branches thereof.

2. The said Secretary of State shall maintain in proper repair and efficient working condition as many posts, wires, insulators, and brackets, the property of the said Company, as the said Company shall require for the working of their main lines of railway and the branches thereof, and the said Company shall pay to the said Secretary of State for such maintenance the sum of 10 rupees 8 annas per annum per wire per mile.

3. If at any time after the coming into force of this agreement the said Company shall have hanging on the telegraph posts (whether the property of the said Company or of Her Majesty) more wires than they require for the working of their line of railway, the Secretary of State may hire of the said Company such superfluous wires, and shall pay the said Company for the use of the same at such rate per annum per wire per mile as may be agreed upon between the Government of India and the agent of the Company, and the cost of maintaining and replacing such wires shall be borne by the Secretary of State.

4. If at any time after the coming into force of this agreement the said Company shall require to have and use on the posts belonging to them a larger number of wires, with insulators and brackets for their own purposes than shall then be in use by them, the said Secretary of State shall supply the same to the said Company at the request and cost of the said Company, and such wires, with insulators and brackets, shall be the property of the Company, and the cost of maintaining and replacing such wires shall be borne by the Secretary of State in the manner provided in paragraph 2 of this agreement.

5. If the said Secretary of State shall elect to avail himself of the power given by the section of the license of the day of 18, to hang wires on the posts of the said Company, he shall pay to the said Company for so doing a sum to be calculated in the following way ; that is to say, a sum

sum of 5 l. per cent. per annum shall be calculated on the cost price of the said posts, and of that sum of 5 l. per cent. per annum the Secretary of State shall pay to the said Company a proportionate part according to the number of wires in use by him and the said Company respectively and hung on the said posts.

6. If at any time after the coming into force of this agreement the said Company shall desire to hang any wire or wires, for the use of the said Company, on the posts belonging to Her Majesty, the said Secretary of State shall agree to their so doing, and the said Company shall pay to the Secretary of State a sum to be calculated in a similar way, *mutatis mutandis*, to that specified in the last preceding paragraph as to the sum to be paid by the said Secretary of State in the event therein provided for.

7. The said Secretary of State shall, if and when requested by the said Company in writing, maintain all the telegraphic instruments at any time during the continuance of this agreement the property of the said Company, and the said Company shall pay to the said Secretary of State for such maintenance either a fixed sum to be agreed upon by both parties or the cost price of such maintenance.

8. The said Secretary of State shall take over and purchase from the said Company all telegraphic line stores in store in India, and also all posts not from time to time required by the said Company, at the price at which they respectively stand in the said Company's books at the time of such taking over and purchase; also all telegraph line stores at the present time invoiced to the said Company, and on board ship between England and India, and shall pay for the same the cost price thereof when landed, including all freight charges and other expenses thereon, and all Customs duties payable on the same.

9. All sums of money for rent, maintenance, or on other account in this agreement provided to be paid by the said Secretary of State and the said Company respectively shall be paid half-yearly on the 30th day of June and the 31st day of December.

10. In the event of any serious damage occurring to the various telegraphic apparatus hereinbefore mentioned, or any part of the same, from storm, floods, or other such cause, and of the said Secretary of State being unable to restore communication on the wires in use by the said Company, forthwith the said Company may make any temporary arrangement for restoring such communication at the expense of the said Secretary of State, and the said Secretary of State shall pay for the same upon receipt from the said Company of a certified account of the expense incurred.

11. The signalling staff of the said Company shall be wholly and exclusively controlled and paid by the said Company.

12. The said Secretary of State shall pay at tariff rates all fares and freight charges incurred by him for the conveyance of establishment and stores for construction of new lines.

13. The said Company shall supply the said Secretary of State with all appropriate free passes for the officers in charge, and for the workmen employed on the maintenance of the lines, the subject of this agreement, and shall also carry, free of charge, all stores required for the maintenance of the said lines.

14. The said Secretary of State shall station a native lineman at each engine station of the said Company, and the said Company shall provide reasonable accommodation for such linemen on the premises of the said Company, and shall afford them all reasonable facilities for constantly inspecting the said line. The said Company shall also afford the said Secretary of State reasonable accommodation for petty stores and for the tools used by the linemen.

15. The said Company shall afford to the servants of the said Secretary of State every reasonable facility for keeping the wires clear of all trees, branches of trees, or other similar impediments to the proper insulation of the lines.

16. The said Company shall allow the servants of the said Secretary of State to inspect or test any of the said Company's office connecting wires whenever a doubt may arise as to whether a fault may exist in or on a connecting wire

outside or inside such office. Whenever such fault or faults may be discovered, a report shall be made by the servants of the said Secretary of State to the traffic manager of the said Company. The said Company shall also allow the servants of the said Secretary of State to test the wires in use by the Company when necessary.

17. In the event of the said Company, at the termination of this agreement, resuming the maintenance of their various telegraphic apparatus hereinbefore mentioned, the said Secretary of State shall restore the same to the said Company in the like good order and condition as they were at the time of the making of this agreement; and thereupon all the provisions contained in the existing contracts between the Secretary of State in Council and the said Company with respect to the telegraphs, whether belonging to the said Company or to Her Majesty, and the working and repairs thereof, and otherwise relating thereto, shall thenceforth be restored, and have full force and effect as if the agreement hereinbefore contained had not been executed.

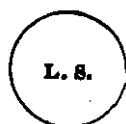
18. If any question, dispute, or difference shall arise between the Secretary of State and the said Company whereby this agreement, or any clause, matter, or thing herein contained, or the construction hereof, or as to the meaning of the words "reasonable accommodation" or "reasonable facilities" in the 14th and 15th paragraphs of this agreement, or as to any matter or thing in any way connected with this agreement or the operation thereof, or the rights, duties, and liabilities of either party in connection with the premises, then and in every such case the matter in difference shall be referred to and finally decided by the arbitration of the consulting engineer of the Government of Madras, and the agent for the time being of the said Company, and, in case of their not agreeing, by the Government of India.

- In witness whereof, Sir Frederick James Halliday, Knight Commander of the Most Honourable Order of the Bath, and Andrew Cassels, Esquire, being two Members of the Council of India, have hereunto set their hands and seals, and the said Company have hereunto caused their common seal to be affixed, the day and year first above written.

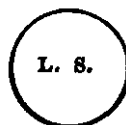
Signed, sealed, and delivered by the above-named Sir Frederick James Halliday and Andrew Cassels, being two Members of the Council of India, in the presence of

Robt. Wickenden,
Clerk in the Legal Department,
India Office.

FRED. JAS. HALLIDAY.



ANDREW CASSELS.



The Common Seal of the South Indian Railway Company was hereunto affixed, in the presence of

Henry W. Notman,
Managing Director.



CONTRACT between the SECRETARY of STATE for INDIA in COUNCIL and the EAST INDIAN RAILWAY COMPANY, dated 22nd December 1879, as to the Maintenance, Management, and Working of the Undertaking by the Company.

THIS INDENTURE, made the 22nd day of December 1879, between the SECRETARY of STATE in COUNCIL of INDIA of the one part and the EAST INDIAN RAILWAY COMPANY, incorporated by an Act of Parliament passed in the Session of the 12th and 13th years of the Reign of Her present Majesty, intituled "An Act for Incorporating the East Indian Railway Company, and for other purposes connected therewith," of the other part.

WHEREAS by the East Indian Railway Company Purchase Act, 1879, hereinafter called the "Act of 1879," the parties hereto are authorised and empowered to enter into contracts for the purposes hereinafter expressed.

NOW THIS INDENTURE WITNESSETH, and it is hereby agreed and declared as follows:—

Interpretation of Terms.

1. In this Contract

The expression "The Secretary of State," means the Secretary of State in Council of India.

The expression "The Company," means the East Indian Railway Company.

The expression "The East Indian Railway," means the railways and works of whatever description forming the Undertaking of the Company on the 31st of December 1879.

The expression "The Undertaking," means the East Indian Railway, or such part thereof as shall, on the 1st of January 1880, be handed over to the Company for the purposes of this contract, together with any improvements, alterations, and additions of whatever description that may from time to time be made therein or thereto, by or with the sanction of the Secretary of State.

Duration of Contract.

2. This contract shall continue in force for the period of 50 years from the 1st of January 1880, subject to the provisions hereinafter contained for determining the same.

As to deferring one-fifth of the Annuity.

3. During the continuance of this contract the payment of one-fifth of the annuity of 1,473,750*l.* mentioned in the Act of 1879 shall be deferred, and in lieu thereof interest at the rate of 4*l.* per cent. per annum on the sum of 6,550,000*l.*, being the capital sum represented by such one-fifth, shall be paid by the Secretary of State to the Company in London, by half-yearly payments, on the 1st of January and the 1st of July in every year, the first of such payments to be made on the 1st of July 1880, in respect of the half-year immediately preceding that date.

As to the Undertaking to be transferred to the Company, and matters connected therewith.

4. On the 1st of January 1880, the Secretary of State shall hand over to the Company, for the purposes of this contract, the East Indian Railway, together

with the rolling stock, plant, and machinery belonging thereto, subject to the following exceptions:—

(1.) The land occupied by the Company in the Sulkeah Yard at Howrah, now or lately used for the storage of State railway material, which land shall nevertheless be handed over to the Company if and so soon as the Secretary of State shall obtain the use of other sufficient land for the storage of such material.

(2.) The telegraphs and all telegraphic appliances belonging to the East Indian Railway which shall remain vested in the Secretary of State, subject as hereinafter provided.

5. On the 1st of January 1880, or so soon thereafter as may be, the Secretary of State shall deliver to the Company, and the Company shall accept for the purposes of the Undertaking, all stores belonging to the East Indian Railway that may be in hand or in course of delivery on the 1st of January 1880, except such as on the representation of the Company, to be made in writing on or before the 31st day of December 1879, the Secretary of State may adjudge to be unserviceable or surplus stores.

6. During the continuance of this contract the Secretary of State shall provide and allow the Company to use such telegraphs and telegraphic appliances as the Company shall, with the sanction of the Secretary of State, from time to time require for the purposes of the Undertaking, and shall maintain the said telegraphs and telegraphic appliances in good repair and good working condition. The working of the said telegraphs shall be exclusively in the hands of the Company, but the Company, if so directed by the Secretary of State, shall observe the rules for the time being in force in the case of State Railway Telegraphs, or such of the said rules as the Secretary of State may from time to time prescribe for their observance, and the Company shall furnish the Secretary of State with such free passes as he may require for persons employed by him in or about the erection, maintenance, or inspection of the said telegraphs and telegraphic appliances, or otherwise in connection therewith.

7. A separate agreement shall be made between the Secretary of State and the Company as to the working of the Serampore and Kurhurballee coal fields, which are intended to be part of the Undertaking. Provided, nevertheless, that the rent payable to Government in respect of the said coal fields shall not exceed the aggregate of the fixed rents now payable in respect of the same.

8. If the branch railway from the Mogul Serai Station, on the main line of the East Indian Railway to the River Ganges, opposite Benares, shall be part of the Undertaking handed over to the Company on the 1st of January 1880, the Secretary of State may at any time require the Company to re-transfer such branch railway to him, and the Company shall not claim any compensation in respect of such re-transfer.

9. As soon as may be after the 1st of January 1880, an inventory of the Undertaking, and an inventory and valuation of the rolling stock, plant, and machinery belonging thereto, as on the 1st of January 1880, shall be made and signed by or on behalf of the Secretary of State and the Company, the valuation being based on the sums outstanding on that day in the capital account of the Company.

As to the Maintenance and Management of the Undertaking.

10. The Company shall keep the Undertaking in good repair, in good working condition, and fully supplied with rolling stock, plant, and machinery, to the satisfaction of the Secretary of State. If the Company shall fail for the space of one calendar month to comply with any requirement in writing of the Secretary of State in regard to the matters aforesaid, or any of them, the Secretary of State may enter on the Undertaking, and execute all such works and provide all such rolling stock, plant, and machinery as may, in his opinion, be required for the purposes of the Undertaking.

11. The Company shall keep the rolling stock, plant, and machinery belonging to

RAILWAYS, &c. (EAST INDIA).

to the Undertaking in good repair and in good working condition to the satisfaction of the Secretary of State.

12. The Company shall maintain a sufficient staff for the purposes of the Undertaking to the satisfaction of the Secretary of State.

13. The Secretary of State may from time to time by notice in writing require the Company to carry out any alteration or improvement in the Undertaking, or any addition thereto that may in his opinion be necessary for the safety of passengers, or for the safety of the public, or for the effectual working of the Undertaking. Such notice shall specify the alteration, improvement, or addition required, and shall also in general terms describe the works to be executed for the purpose of carrying out such alteration, improvement, or addition. On receiving any such notice the Company shall, with all reasonable speed, commence and proceed to execute the works described therein, the Secretary of State supplying the necessary funds and providing any land that may be required for the purpose. If in any case the Company shall neglect to proceed with the proposed works, or fail to complete the same to the satisfaction of the Secretary of State, the Secretary of State may enter on the Undertaking and execute the said works.

14. The Secretary of State shall provide and maintain for the purposes of the Undertaking such a force of police as the Company, with the approval of the Secretary of State, shall from time to time require, with this qualification, that in case of difference between the Secretary of State and the Company as to the force required for the preservation of law and order, the determination of the question shall rest with the Secretary of State. The cost of providing and maintaining the force of police required for the purposes of the Undertaking shall be defrayed in the following manner: that is to say, three-tenths shall be borne by the Secretary of State, and the remaining seven-tenths shall be treated as part of the working expenses of the Undertaking.

As to the use and working of the Undertaking, and the conveyance of Traffic.

15. The Company shall cause to be run so many trains at such times, at such rates of speed, between such places, and with such conveniences and accommodations as the Secretary of State shall from time to time require.

16. The Company shall charge such rates and fares for the carriage of goods and passengers as may from time to time be fixed by the Company, with the approval of the Secretary of State. Provided that the Secretary of State may require the charges for the conveyance of any mineral or mineral substance or any article of agricultural produce over distances not less than 300 miles to be reduced to any rate not below one-sixth of a pie per maund per mile for full waggon loads, and may also require the fare of passengers conveyed in closed carriages with seats to be reduced to any rate not below two pies per mile.

17. The Secretary of State may from time to time require the Company to carry out any alteration or improvement in the working of the Undertaking that may in his opinion be necessary for the safety of passengers, or for the safety of the public, or for the effectual working of the Undertaking.

18. All services which the Secretary of State may require the Company to perform for the Post Office, the Military Department, the Police Department, or any other Department of the State, or for high Government officials (including in such services the conveyance of mails as defined by the Post Office Act or Acts for the time being in force in India, the conveyance of Post Office servants when on duty, the conveyance of troops and sailors, military and naval establishments, horses, and other animals used for military purposes, guns, military stores and equipments, the conveyance of police, prisoners and paupers, the conveyance of telegraph stores, instruments, officers and workmen, and of any public stores whatever), shall be performed by the Company on the same general conditions as may for the time being be in force on State Railways, and at such rates as may be approved by the Secretary of State, not being less than the highest rates in force for the time being for similar services on State Railways of the same gauge.

19. The Company shall convey gold and silver bullion and coin and copper coin belonging to the Government of India and the persons in charge thereof at special rates, to be from time to time approved by the Secretary of State.

20. The Company shall, from time to time, upon the requisition of the Secretary of State, give precedence to the demands of the Government, whether for freight or passenger accommodation, over all ordinary traffic.

21. All stores intended to be used for the purposes of the Undertaking shall be conveyed by the Company at rates to be approved by the Secretary of State, not being less than the actual cost of conveyance.

As to Receipts, Payments, and Expenditure.

22. All monies which shall be received by or on account of the Company in India, in respect of the Undertaking, or from the use and working of the telegraphs and telegraphic appliances provided for the Company under this contract, shall at such times and in such manner as the Secretary of State may from time to time direct, be paid without deduction into the Treasury of the Government of India at Calcutta, to a separate account.

23. All monies required by the Company for the purposes of the Undertaking shall be supplied to the Company by the Secretary of State according to such arrangements as shall from time to time be made between the Secretary of State and the Company.

24. All monies expended by the Company on account of the Undertaking, and all other expenses of the Company in connection therewith, shall from time to time be stated and submitted to the Secretary of State for his sanction, and as between the Company and the Secretary of State shall be allowed only so far as the same shall from time to time have been sanctioned by the Secretary of State.

As to Accounts.

25. The Company shall keep all such accounts relating to the Undertaking, and all such accounts as between the Company and the Secretary of State, as the Secretary of State shall from time to time require. Such accounts shall be kept in such form and under such heads or divisions and with such details, as the Secretary of State shall from time to time prescribe. The said accounts, so far as the same are kept in India, shall be kept in rupees of the Government of India, and so far as they are kept in England shall be kept in sterling money. Such of the said accounts as are kept in England shall from time to time be transmitted by the Secretary of State to the Government of India at Calcutta, and there incorporated in the Accounts of the Company in India, each account for the purpose of such incorporation being converted into rupees at the rate fixed for the adjustment of financial transactions between the Government of the United Kingdom and the Government of India, and in use on the day to which such account shall have been made up.

26. Unless and until otherwise directed, the Company shall keep the following accounts:—

A Revenue Account.

A Capital Advance Account.

A Capital Account.

A Stores Account.

27. The Revenue Account shall contain an account of all receipts and payments on account of revenue, and shall be made up half-yearly to the 30th of June and the 31st of December in each year, or to such other days as the Secretary of State shall from time to time prescribe. The Revenue Account shall be regularly submitted by the Company to the Secretary of State, who may audit the same concurrently with or after expenditure, or in both ways, as he may think fit, and may in case of any error being discovered therein, correct the same within three calendar months after the account containing such error shall

shall have been submitted to him. Every Revenue Account shall be considered as settled at the expiration of three calendar months after the same shall have been submitted to the Secretary of State, but nevertheless, any error which may subsequently be discovered therein, shall be corrected in the next Revenue Account, or in any subsequent Revenue Account or Accounts as the Secretary of State may determine.

28. All monies advanced by the Secretary of State for the purpose of carrying out works chargeable to capital, or for the purchase of stores, or for the payment off of debentures or debenture stock of the Company, shall be entered in the Capital Advance Account, and interest at the rate of 4½ per cent. per annum, or such other rate as shall from time to time be agreed upon by the Secretary of State and the Company, shall from time to time be payable to the Secretary of State on the balance of such account not passed to the Capital Account or to the Stores Account.

29. All monies which the Secretary of State shall pay to the Company in respect of the interest of the Company in the value of the buildings, workshops, fixtures, machinery and plant, on the said Kurhurballee and Serampore coal fields, and all monies which shall be actually expended by the Company, or by the Secretary of State upon works, rolling stock, plant or machinery, the cost of which is chargeable to capital, and the value of all land provided by the Secretary of State after the 1st of January 1880, for the purposes of the Undertaking shall be entered in the Capital Account which shall be made up and stated afresh as often as occasion shall require. Interest at the rate of 4½ per cent. per annum, or such other rate as shall from time to time be agreed upon by the Secretary of State and the Company, shall from time to time be payable to the Secretary of State on the balance from time to time standing at the debit of the Capital Account.

30. The Company shall on or before the 30th of June 1880, make up and deliver to the Secretary of State an account of all stores delivered to the Company as on the 1st of January 1880, and of the value of such stores, the value being taken as entered in the books of the Company on the 31st of December 1879, except in those cases, if any, in which a different value shall be agreed upon by the Secretary of State and the Company. As soon as possible after the 30th of June and the 31st of December in each year, or such other half-yearly days as the Secretary of State may from time to time prescribe for the making up of the Revenue Account, the Company shall make up and deliver to the Secretary of State an account of all stores in hand on the half-yearly day immediately preceding the making up of the Account, and of all stores used by the Company for the purposes of the Undertaking since the 1st of January 1880, or since the date to which the Stores Account was last made up, as the case may be, showing the purposes for which such stores have been used. As often as any of the stores in hand shall be used by the Company for the purposes of the Undertaking, the value of the stores so used as entered in the books of the Company shall be charged to the Revenue Account or to the Capital Account, as the case may require, in accordance with the provisions in that behalf herein contained. Interest at the rate of 4½ per cent. per annum, or such other rate as shall from time to time be agreed upon by the Secretary of State and the Company, shall from time to time be payable to the Secretary of State on the value of stores in hand.

31. The stores in hand shall from time to time be re-valued at such time or times as the Secretary of State shall direct, and in such manner as shall from time to time be agreed upon by the Secretary of State and the Company, and the value of the stores in hand as entered in the books of the Company shall be corrected in accordance with such re-valuation. Any deterioration or loss that may be ascertained or discovered upon any re-valuation shall be charged to Revenue Account.

32. The question whether any expenditure incurred for the purposes of the Undertaking is to be treated in the whole or in part as a charge incurred on Capital Account, or how the same is to be dealt with, shall be determined on the general principle that capital is to bear the cost of new works, of additional rolling stock, plant and machinery, and of substantial improvements of and additions

additions to old works, rolling stock, plant and machinery, including the cost of any temporary new work, the construction of which is requisite for the construction of a work properly chargeable to capital, and that the cost of repairs, restorations, renewals, replacements, or substitutions is to be borne by revenue. Provided nevertheless that any item of expenditure properly chargeable to capital in accordance with this principle, but not exceeding 2,000 rupees, may at the discretion of the Secretary of State be charged to revenue, but so that the aggregate expenditure charged to revenue on account of such items shall not exceed 25,000 rupees in any half-year, and provided also that, except with the sanction of the Secretary of State, no portion of the salaries or allowances of any of the Company's permanent supervising staff shall be chargeable to capital, although for the time being employed partly or wholly in directing or superintending work so chargeable, and that no expenses connected with the engagement or passage from or to England of any person in the Company's service shall be chargeable to capital, unless such person shall have been specially engaged to carry out work chargeable to capital, and actually employed upon such work.

33. If any difference shall arise between the Secretary of State and the Company as to the incidence of expenditure between capital and revenue in any particular case, the matter in difference shall be referred to the decision of the joint auditor, if the Secretary of State and the Company shall have appointed such an officer; but in case a joint auditor shall not have been appointed, then the matter in difference shall be referred for final decision to the Company's auditor, or some other person to be named by the Company, and a Government Examiner of Railway Accounts, or some other person to be named by the Secretary of State, or in case of their being unable to agree, to a referee to be named by them. The costs of any such reference shall, unless the Secretary of State shall otherwise direct, be treated as part of the working expenses of the Undertaking.

As to the Working Expenses, and the Application of the Receipts of the Undertaking.

34. The working expenses of the Undertaking shall be paid out of the gross receipts of the Undertaking (including in such receipts all monies received by the Company from the use and working of the telegraphs and telegraphic appliances provided for the Company under this Contract), and shall so far as possible be borne by the gross receipts of the half-year to which such working expenses are properly attributable.

35. Working expenses shall include all costs and expenses incurred by the Company, with the sanction of the Secretary of State, in or about the maintenance, management, and working of the Undertaking, and all other sums, if any, proper to be allowed out of revenue in connection with the maintenance, management, or working of the Undertaking, or in connection with the conduct of the affairs of the Company, and which shall be sanctioned by the Secretary of State.

In the working expenses of the Undertaking there shall be reckoned:—

(1.) Such sum or sums of money as shall from time to time be agreed upon between the Secretary of State and the Company, as proper to be allowed in respect of the rent of the Company's office in London, office expenses, directors' fees, and salaries of clerks and servants.

(2.) So much of the cost of providing and maintaining a police force for the purposes of the Undertaking as is not hereby agreed to be borne by the Secretary of State.

(3.) All expenditure incurred by the Company with the sanction of the Secretary of State, or by the Secretary of State in keeping the Undertaking in good repair and in good working condition, and fully supplied with rolling stock, plant and machinery, except such part, if any, of such expenditure as may be charged to capital.

(4.) All expenditure incurred by the Company with the sanction of the Secretary of State in keeping the rolling stock, plant and machinery, belonging

belonging to the Undertaking in good repair and in good working condition.

(5.) All expenditure incurred by the Company with the sanction of the Secretary of State, or by the Secretary of State in the execution of any works chargeable to revenue.

(6.) Such a sum not exceeding 50,000 rupees in any half-year, as may be required by the Secretary of State to cover the costs and charges of and incidental to the supervision and control of the Company by the Secretary of State.

(7.) The charges of the Government Telegraph Department for rent, maintenance, and inspection of the telegraphs and telegraphic appliances provided for the use of the Company.

(8.) All such other expenses as the Secretary of State and the Company agree to treat as part of the working expenses of the Undertaking.

36. The receipts of the Undertaking in each half-year, after deducting working expenses and all other charges to Revenue Account properly attributable to that half-year, shall be applied in the following manner and in the following order:—

(1.) In payment of interest upon the Debenture Stock of the Company in existence on the 1st of January 1880, and upon the Debentures of the Company outstanding on that day.

(2.) In payment to the Secretary of State of so much of the annuity of 1,473,750*l.* as is not deferred under this Contract.

(3.) In payment to the Secretary of State of interest at the rate of 4 per cent. per annum on the capital sum represented by the portion of the annuity deferred under this Contract.

(4.) In payment of interest payable to the Secretary of State on money standing to the debit of the Capital Advance Account and the Capital Account.

(5.) In payment of interest payable to the Secretary of State on the value of stores in hand.

(6.) In payment of such sum as shall from time to time be payable to the Provident Institution in connection with the Undertaking.

(7.) And the surplus, if any, shall be applied in manner following, that is to say, four-fifths thereof shall belong to the Secretary of State on behalf of the Government of India, and one-fifth thereof shall belong to the Company, and shall, as soon as ascertained, be forthwith paid over to the Company at Calcutta for distribution among the persons entitled thereto under the Act of 1879.

If in any half-year the net receipts of the Undertaking shall not be sufficient to answer the purposes coming before the division of the surplus, the deficiency, with interest at the rate of 4½ per cent. per annum, shall be a charge upon the surplus net receipts of subsequent half-years, and may be retained by the Secretary of State out of the surplus net receipts of any subsequent half-year before division of profits between the Secretary of State and the Company.

As to running powers and other facilities and accommodation for other Railway Companies and State Railways, and the Secretary of State.

37. The Secretary of State may from time to time require the Company to allow the use of the railways forming part of the Undertaking for the passage of engines and trains belonging to other railway companies, or to State railways upon the payment of reasonable tolls, and under reasonable conditions and restrictions.

38. The Secretary of State may from time to time require the Company to supply other railway companies or State railways with any of the rolling stock of the Undertaking which shall not for the time being be required for the purposes thereof, upon reasonable terms and conditions.

39. The Secretary of State may from time to time require the Company to execute work in their workshops, in respect of rolling stock and machinery belonging to State railways, at such reasonable prices and upon such terms as shall be agreed upon between the Secretary of State and the Company, but so, nevertheless, as not to impede or unduly interfere with the ordinary operations of the Company as carried on therein.

40. The Secretary of State may from time to time require the Company to land at Howrah or Calcutta Railway, stores belonging to the Secretary of State. The Company shall be paid for such services at such reasonable rates as shall from time to time be approved by the Secretary of State.

41. The Secretary of State may from time to time require the Company to make reasonable arrangements for the interchange of traffic and rolling stock with railways belonging to other Companies or to the State.

42. The Secretary of State may from time to time require the Company to allow the use of any of the stations forming part of the Undertaking, for the accommodation of the traffic of any other Railway Company or State Railway, upon the payment of reasonable tolls, and under reasonable conditions and restrictions, and may also require the Company to make such alterations and additions as may, in the opinion of the Secretary of State, be necessary or convenient for the purposes of such accommodation, upon such terms as may be agreed upon between the Secretary of State and the Company.

43. The Secretary of State may at any time require the Company to make such alterations and additions in or to the sections of the railways comprised in the Undertaking situate respectively between the following points, that is to say, between Delhi and Ghazeeabad and between Agra and Toondla, as will admit of metre gauge stock of the Rajpootana State Railway running upon such sections respectively upon such terms as may be agreed upon between the Secretary of State and the Company.

44. If the chairman or deputy chairman of the board of directors of the Company shall certify to the Secretary of State by writing under his hand that he considers any requirement by the Secretary of State, purporting to be made under this part of the Contract, not to be reasonable upon any ground to be stated by him in writing, and if there shall then be a difference of opinion between the Secretary of State and the Company as to the reasonableness of the requirement in question, or as to the propriety of any modification or alteration therein, the matter in difference shall be referred for decision to an officer of the Government to be named by the Secretary of State, and to an officer of the Company to be named by them, or if such officers are unable to agree, then to some person to be appointed by them.

If the matter in difference shall be determined adversely to the Secretary of State, or if any modification or alteration in the requirement of the Secretary of State shall be recommended, or in any event, if the Secretary of State shall so direct, the costs of the reference shall be treated as part of the working expenses of the Undertaking.

As to the Construction and Working of Auxiliary or Branch Railways.

45. The Secretary of State may require the Company to construct any auxiliary or branch railway of the same gauge in connection with any railway forming part of the Undertaking, and to work any auxiliary or branch railway of the same gauge in connection with any railway forming part of the Undertaking, whether constructed by the Company or not, either as agents of the Secretary of State, or as part of the Undertaking, as the Secretary of State may determine, upon such terms and conditions as may in each case be agreed upon between the Secretary of State and the Company.

The Company to comply with the Requirements of the Secretary of State.

46. The Company shall, with all reasonable speed, comply with all such requirements as the Secretary of State shall from time to time make in accordance with this contract.

As to the Supervision and Control of the Secretary of State and the appointment of a Government Director.

47. In all matters relating to the Undertaking and not herein specially provided for the Company shall be subject to the supervision and control of the Secretary of State.

48. For the purpose of inspecting the Undertaking and auditing the accounts of the Company, or otherwise exercising such supervision and control as are intended to be reserved to the Secretary of State by this contract, the Secretary of State may from time to time appoint such person or persons as he may think proper with such powers as he may consider necessary or expedient, and the Company shall afford every person so appointed all reasonable facilities for the purpose of enabling him to perform the duties entrusted to him by the Secretary of State.

49. The Company shall record and keep in proper books full and particular accounts of all their transactions and proceedings, including full and true minutes of all their meetings, meetings of directors, communications with India, and correspondence, so as at all times to exhibit fully and truly the state of their affairs; and the Secretary of State, or any person or persons appointed by him in that behalf, shall at all reasonable times have free access to all the books, accounts, papers, and documents of the Company relating to the Undertaking, with power to call for or make copies of or extracts from the same.

50. The Secretary of State may from time to time appoint any one person to be a director of the Company. The Government Director shall be *ex officio* a member of all committees appointed by the Board of Directors of the Company, or by the Company in relation to the Undertaking, or any matter connected therewith, and he may, moreover, exercise at his discretion an absolute right of veto in all proceedings whatever at the board of directors. The Government Director shall not be removable, except by the Secretary of State. The Secretary of State may from time to time, as often as occasion shall require, appoint a person to represent the Government Director at any meeting of the board, or at any committee meeting at which the Government Director may not be present; and the person so appointed shall have all such rights, and may exercise all such powers as the Government Director, if present, would have had, or might have exercised.

Miscellaneous Provisions.

51. The Company shall not during the continuance of this contract, without the sanction of the Secretary of State in writing first obtained, engage in, or carry on any business other than the business which is the subject of this contract.

52. The Company shall not during the continuance of this contract, without the sanction of the Secretary of State in writing first obtained, acquire any property in India. If the Company shall in contravention of this clause acquire any property, such property shall not be disposed of by the Company without the sanction in writing of the Secretary of State, and the Secretary of State may at any time during the continuance of this contract, or within one calendar month after the determination thereof, purchase such property from the Company at the price actually paid by the Company for the same; and if the purchase money for such property shall be paid to the Company during the continuance of this contract, the expenditure shall be carried to capital account.

53. If, in the opinion of the Secretary of State, any land in the possession of the Company is not required for the purposes of the Undertaking, the Secretary of State shall certify such his opinion to the Company. Upon receipt of such certificate, or so soon thereafter as may be, the Company shall state in writing whether they acquiesce in the opinion of the Secretary of State, or whether they object thereto, and if so, the grounds of their objection. If no objection is stated by the Company, or if the grounds of their objection, if any, are not in the opinion of the Secretary of State sufficient, the land in question shall,

upon the requisition of the Secretary of State, be restored to him, and thereupon the value of such land, if entered in the capital account, shall be written off such account.

54. The Company shall from time to time make such returns and furnish such statistics in such form and under such heads and divisions, and with such details as the Secretary of State may from time to time require. The costs of preparing such returns and statistics and incidental thereto shall be treated as part of the working expenses of the Undertaking.

55. The Secretary of State shall promote the passing, by the legislature in India, of any Act or Acts which may be required to enable the Company to carry into effect this contract.

56. No claim shall be made upon the Secretary of State by the Company for compensation in respect of any Act of the Indian legislature of general applicability which may prejudicially affect the Undertaking or the profits thereof.

57. The Company may, if they think it expedient, and shall, if required by the Secretary of State, maintain and manage a provident institution and a savings bank for the benefit of the servants of the Company upon such terms, and under such rules and regulations as shall from time to time be approved by the Secretary of State.

58. Any notice, direction, requisition, appointment, certificate of opinion, approval, or sanction to be given or signified on the part of the Secretary of State for any of the purposes of this contract, shall be sufficient and binding, if in writing, signed by the Secretary of State or one of his under secretaries, or by a secretary of Government at Calcutta, or by any other officer or servant duly authorised to act on behalf of the Secretary of State in respect of the matters to which the same shall relate; and the Secretary of State shall not in any case be bound in respect of the matters aforesaid, unless by some writing signed in the manner before mentioned.

59. The Company shall at all times during the continuance of this contract keep an office established at Calcutta, and shall keep at the said office an authorised agent or committee of agency, with whom the Secretary of State and the Government of India, or other officer or officers deputed in that behalf, may communicate on affairs concerning the Undertaking, and all drafts drawn and receipts given by the said agent or committee of agency, or under his or their authority, on behalf of the Company concerning the Undertaking and the affairs thereof, shall be binding on the Company, and every notice to be given to the Company (save any notice with respect to the determination of this contract as hereinafter provided) shall be sufficiently given if left at the said office, or personally served on the said agent, or any member of the said committee of agency.

As to the Determination of the Contract.

60. The Secretary of State or the Company may determine this contract at the end of the 20th, or at the end of any succeeding 5th year (computed from the 1st of January 1880) of the said term of fifty years, on giving two clear years' notice in writing to the other party hereto of his or their intention so to do, and thereupon, on the 31st day of December on which the aforesaid notice shall expire, the Company shall give the Secretary of State possession of the Undertaking, together with the rolling stock plant and machinery belonging thereto, and all stores in hand, or in course of delivery on that day, and all plans, books, surveys, sections, printings, writings, and documents whatsoever in anywise connected with the Undertaking, and all other property, if any, belonging or appertaining thereto. And the Secretary of State shall be bound to indemnify the Company, their property and effects against all such debts and liabilities, if any, as they may have incurred with the sanction of the Secretary of State, and which shall be then subsisting, and thereupon this contract shall determine without prejudice to the rights of either party against the other in respect of any covenant herein contained, which may have been previously broken.

Arbitration.

Arbitration.

61. If the Secretary of State and the Company shall fail to agree touching any matter with respect to which their agreement is required by this Contract, or if in any case not herein specially provided for any dispute, question, or controversy shall at any time arise between the Secretary of State and the Company touching these presents, or any clause or thing herein contained, or the construction hereof, or any matter connected with these presents, or the operation hereof, or the rights, duties, or liabilities of either party in relation to the premises, then and in every such case the matter as to which the Secretary of State and the Company shall fail to agree, or the matter in difference, as the case may be, shall be referred to two arbitrators or their umpire, pursuant to and so as with regard to the mode and consequences of the reference, and in all other respects to conform to the provisions in that behalf contained in the Common Law Procedure Act, 1854, or any subsisting statutory modification thereof, and upon every such reference the arbitrators and umpire shall respectively have power to examine witnesses upon oath or affirmation, and either to fix, settle, and determine the amount of costs of the reference and award respectively or incidental thereto to be paid by both parties or by either party, or to direct the same to be taxed either as between solicitor and client or otherwise, and to direct or award where and by and to whom such costs shall be paid, and every or any such reference may be made a rule of Her Majesty's High Court of Justice, or of the High Court of Judicature at Fort William in Bengal, on the application of the Secretary of State or of the Company, and either the Secretary of State or the Company may instruct counsel to consent thereto for the other party.

In witness whereof Sir Barrow Helbert Ellis, Knight Commander of the Most Exalted Order of the Star of India, and Sir Frederick James Halliday, Knight Commander of the Most Honorable Order of the Bath, being two Members of the Council of India, have hereunto set their hands and seals, and the said Railway Company have hereunto caused their common seal to be affixed, the day and year first above written.

Signed, sealed, and delivered by the above-named Sir Barrow Helbert Ellis and Sir Frederick James Halliday, being two Members of the Council of India, in the presence of

Robt Wickenden,
Clerk to the Legal Adviser,
India Office.

B. H. ELLIS.

L. S.

FRED. JAS. HALLIDAY.

L.S.

The Common Seal of the East Indian Railway Company was hereunto affixed, in the presence of

R. Macdonald Stephenson,
T. Douglas Forsyth.

Seal of
the East Indian
Railway
Company.

CONTRACT between the **SECRETARY of STATE for INDIA in COUNCIL** and **Messrs. SHAW, FINLAYSON & COMPANY**, on behalf of the **ASSAM RAILWAY COMPANY**, dated 26th May 1880. —

THIS INDENTURE, made the 26th day of May 1880, between the **SECRETARY of STATE for INDIA in COUNCIL** for himself and his successors in office and assigns, hereinafter called "the said Secretary of State" (in which term shall moreover be included all servants and officers of Government to whom any powers shall expressly, or by virtue of their appointment, be given to act in any matter or thing relating to this Agreement) of the one part, and **DAVID THOMAS SHAW, FRANCIS FINLAYSON, EVAN ALEXANDER JACK, JOHN HORNE, and PATRICK PLAYFAIR**, who carry on business in co-partnership at Calcutta as merchants and agents, under the style or firm of **Shaw, Finlayson and Company**), hereinafter called the said firm, acting in the premises for and on behalf of a company already incorporated or intended to be shortly incorporated, to be called "**The Assam Railway Company, Limited**," of the other part, whereby it is agreed as follows:

1. The said company (in which term shall be included when the context shall admit of such interpretation, all servants and officers of the company), shall construct and equip, to the satisfaction of the said Secretary of State, and in conformity with the specification hereto annexed, and such schedules, drawings, plans, and estimates as have been, or may from time to time be submitted to and approved of by the said Secretary of State; (a), within 24 months from the 1st day of December 1880, a railway extending from the terminus of the steamer lines on the bank of the Brahmaputra River near Debrugarh, along the Government road towards Sadiya, to the 51st mile; and (b), within 30 months from the said 1st day of December 1880, a branch line of 24 miles from Doom Dooma to opposite the Petroleum Godown, on the Dehing River, about three miles from Makum; and (c) at such time or times as may be agreed upon, such other branch line or lines as may be sanctioned from time to time by the said Secretary of State (and especially a branch line from Debrugarh to Nagagoolie, and another branch line from Panitolluh to Hopewell, on the Rungagoora road), and the word "railway" used in this Agreement shall include all branches as well as the main line.

2. The said company shall at all times keep up and provide all rolling stock necessary for the purposes of the said railway, and shall maintain the said railway, and also the portion of the roads on which the rails are laid, and all rolling stock and other equipment thereof respectively, in good order, to the satisfaction of the said Secretary of State; and shall carry on the work of common carriers thereupon, at rates and fares to be from time to time approved by the said Secretary of State.

3. The said company shall accept the position of common carriers, and shall be subject to all acts, regulations, and rules for the time being in force in India with regard to railways, and shall, if deemed necessary by the said Secretary of State, become the subject of a special Act of the Legislative Council for India, for the purpose of fixing the relations between the said Secretary of State and the said company, and otherwise providing for its constitution, liabilities, and powers.

4. The said company shall for the first six miles from the terminus near Debrugarh, reserve along the road which may be given over to them under Clause 11 hereof, a strip of land, not less than 12 feet wide, for use as a common cart road, and running continuously along one side of the railway, and shall also reserve upon the rest of the said road, and every other road or part of a road which may be given over to them under Clause 11 hereof, a strip of land, not less than six feet wide, for use as a bridle path for horses, cattle, and foot passengers, and running continuously along one side of the railway: Provided always, that in the event of the exigencies of the said company making it necessary to use a greater breadth of the roads than will admit of a strip of 12
and

and 6 feet respectively being reserved as aforesaid, the said company shall before using the extra breadth required by them, widen or reconstruct the road so as to give and ensure the preservation of the prescribed width.

5. The said company shall carry goods, parcels, luggage, passengers, live stock, minerals, stores, and all other articles for which conveyance may be required, at rates and fares to be from time to time approved by the said Secretary of State, and shall also carry the mail, troops, and stores of Government, at rates to be agreed upon from time to time, but not exceeding those now paid for their conveyance in the district concerned, and shall, when required, give precedence to the demands of the said Secretary of State, whether for freight or passenger accommodation.

6. The said company shall from time to time run such trains between such places and at such times, periods, and speed as may from time to time be sufficient to carry the mails, goods, and passengers and other traffic of the said railway, and they shall run at least one train each way daily over the whole length of railway.

7. If and whenever from any cause whatsoever the traffic of the railway shall be interrupted or its equipment be injured or out of order, the said company shall, pending the resumption of traffic, or restoration of equipment, as the case may be, carry, by animal or other power, all such passengers, goods, mails, and other things as they may be under engagement to carry. Provided always that if the interruption be caused by no act, negligence, or default on the part of the said company, the said Secretary of State shall, notwithstanding the provisions of Clause 15, allow a reasonable time for the restoration of the said railway, or equipment, or road for the carriage of such passengers, goods, mails, and other things as aforesaid.

8. The said company shall be entitled to fell and use without payment of royalty on such Government land as may be assigned for the purpose any timber required for the purpose of the railway, either in the original construction or subsequent maintenance of the line, and for fuel, but not for sale or export. Provided always that no timber felled under this clause shall be burnt where it falls, but must be stacked and stored for fuel or must be utilised for the other requirements of the said company. Provided also that nothing in the preceding proviso contained shall be held to prevent the said company burning scrub and underwood (when it shall be necessary so to do for clearance purposes) in the manner usual in the district: Provided also that the right conferred upon the said company in this clause shall be limited to a period of five years from the date on which the line is opened under the Government subsidy to traffic, and shall be exercised strictly subject to the following conditions:—

1st. That the localities where the timber is cut on Government land by the said company shall be only those selected, defined, and assigned by the Forest Department.

2nd. That no trees be cut by the said company on Government land, except such as are marked for the purpose by officers of the Forest Department.

3rd. That all cut timber not removed on to the premises of the said company before the expiry of the said period of five years shall become the property of Government.

9. The accounts of the said company shall be submitted in such form as the said Secretary of State shall from time to time approve, and shall be subject to audit by the Government account officers, and all particulars of every nature or kind, and especially all statistics of traffic required or asked for by the said Secretary of State shall be furnished by the said company with all possible despatch.

10. The said company shall pay all money received by the said company for the carriage of goods, passengers, live stock, minerals, stores, and all other articles, and for mails, troops, and Government stores or otherwise, from the use of the railway into the Government Treasury at Debrooghur, on or before the 15th day of each month for the month preceding, and shall not withdraw any such monies nor give or enter into any contracts or orders or directions bearing on the revenue, receipts, or expenditure or the working of the railway, without

the consent either of the Government Directors hereinafter mentioned, or should no Government directors be appointed, of the chief or superintending engineer of Assam.

11. The said Secretary of State shall, subject to the provisions of these presents, allow to the said company the use, free of costs, of such portions of the Sadiya, Jaipur, Rangagora, and Sibsagor roads as may be required for the main line, and also such portions of Government land or roads as may be required for the construction of the aforesaid branch lines, or of any other lines that may be approved by the said Secretary of State, and also the use of all roadside land now the property of Government, which may be required by the said company for the purpose of building stations, sidings, &c., it being expressly understood that it shall be entirely in the option of Government of what lands they shall allow the use under this clause.

12. The said Secretary of State shall at all times hereafter, at his own expense, uphold and maintain the cart-road and bridle-paths to be reserved by the said company under Clause 4 of these presents, with all bridges, embankments, walls, fences, culverts, and other works now or hereafter to be constructed for the protection, upkeep, and maintenance thereof: Provided always, that the said company shall have the option of contracting under a separate agreement for the maintenance of the same road and bridle-paths respectively.

13. When the main line has been completed, with the equipments thereof, to the satisfaction of the said Secretary of State, and has been opened throughout its whole length for public traffic, the said Secretary of State shall, at the expiration of 12 months from the date of opening, and at the expiration of each succeeding period of 12 months until the end of 20 years from the date of opening the said main line, give to the said company an annual subsidy, to be reckoned from the time when the said main line shall be opened, of such amount (but not exceeding in any one year the sum of Rs. 80,000) as, together with the net earnings of the said company on the said main line, shall yield 5 per cent. on the paid-up capital of the said company, independent or exclusive of the cost of the Makum Branch: Provided always, and it is hereby expressly agreed and declared that until the said main line shall have been completed and opened throughout its whole length for public traffic as aforesaid, the said Secretary of State shall, upon any section or part or sections or parts thereof being completed with the equipment thereof to his satisfaction, and opened for public traffic, give to the said company in respect of each such section or part, a portion of the aforesaid subsidy, proportioned to the length of the section opened: *Ex. gr.*, upon one-fifth of the said line being opened, one-fifth of the said subsidy shall be payable on the same terms as those upon which the whole subsidy is payable on the opening of the whole line, and the amount of the subsidy payable for any section or part shall be payable until the completion and opening of the whole main line: Provided also, that if the net earnings for any year shall themselves be sufficient to give the required dividend of 5 per cent., no part of the said subsidy shall be payable, and in no case shall the amount of subsidy paid exceed Rs. 80,000, and provided also that such subsidy shall at all times be subject to deduction under Clause 15 hereof.

14. When, in addition to the main line, the Makum Branch shall have also been completed, with its equipment, to the satisfaction of the said Secretary of State, and the main line and the said branch shall have been open throughout their respective lengths for public traffic, the said Secretary of State shall, at the expiration of 12 months from the date of the opening of the said Makum Branch, and at the expiration of each succeeding period of 12 months until the end of 20 years from the date of such opening, give to the said company an annual subsidy of such amount (but not exceeding in any one year the sum of Rs. 20,000) as, together with the whole net earnings of the said company on the Makum Branch, shall yield 5 per cent. on the cost of making the Makum Branch: Provided always, and it is hereby expressly agreed and declared, that until the said branch shall have been completed and open throughout its whole length for public traffic as aforesaid, the said Secretary of State shall upon any section or part or sections or parts thereof being completed, with the equipment thereof, to his satisfaction and open for public traffic, give to the said company in respect of each such section or part or portion of the aforesaid

aforesaid subsidy proportioned to the length of the section opened: *Ex. gr.*, upon one-fifth of the said branch being opened, one-fifth of the said subsidy shall be payable on the same terms as those upon which the whole subsidy is payable on the opening of the whole branch, and the amount of the subsidy payable for any section or part shall be payable until the completion and opening of the whole branch: Provided always, that if such net earnings, either alone or together with the surplus net earnings over 5 per cent. of the said main line, and any other branches which may be constructed for any year, shall be sufficient to give the required dividend of 5 per cent. under this clause, no part of the said subsidy shall be payable, and in no case shall the amount of subsidy paid under this clause exceed Rs. 20,000: Provided also, that such subsidy shall at all times be subject to deduction under Clause 16 hereof.

15. If the company do not complete the works and equip the railway according to these presents within the period specified in Clause 1, or if they shall for the space of 30 days after notice in writing in that behalf by the said Secretary of State fail or neglect to maintain the said railway, roads, rolling stock, and other equipment in good order, as provided in Clause 2, it shall be lawful for the said Secretary of State to enter upon the premises of the said company, and take possession thereof, and of the rolling stock and other equipment as aforesaid, and execute all such repairs and works which may be necessary for the efficient working of the said railway.

16. If the said company shall fail to perform any of the terms of Clause 2 for any time extending over 14 days in any one year, the said Secretary of State shall be at liberty to deduct from the subsidy (if any) payable under Clause 13 or 14, as the case may be for that year, a sum not exceeding 210 rupees, if the provisions of Clause 13 shall be in operation, or 262 rupees, if the provisions of Clauses 13 and 14 together shall be in operation for each day that the said company may be in default, and in case the default shall extend over six months, the said Secretary of State shall be freed and discharged from all liabilities or obligations imposed on him by this agreement, and he shall be at liberty to call on the said company forthwith to remove their rails, sleepers, and plant, and all other their property, and to deliver up to him the possession of the lands, roads, and other property made over to the said company under this agreement, and the said Company shall bear and pay all the expenses which may be incurred in restoring the said lands and all roads to their original condition, for which expenses the said Secretary of State shall have a first lien on all the property of the said company.

17. It shall be lawful for the said Secretary of State during the aforesaid period of 20 years from the opening of the main line to appoint two directors who shall have the right to regulate rates, fares, and tolls, to examine all accounts, letters, and papers connected with the administration and working of the railway, and the revenue, earnings, and expenditure thereof, and to disallow all charges not in their opinion legitimately debitable to revenue according to the system or principle that may at the time be in force on State railways in regard to the distribution of expenditure between capital and revenue. In the event of the office of either director or of both directors being at any time vacant, the chief or superintending engineer of Assam shall exercise the powers of a director or of both directors as the case may be.

18. If after the expiration of five years from the date of opening the main line, the net profits of the said company shall amount to a sum exceeding 12 per cent. of their paid-up capital, the said Secretary of State shall be at liberty to require the said company to make, and the said company shall thereupon make such reduction in the tariff and rates as he may think necessary, provided that such reduction shall not lead to a diminution of net profits below 12 per cent.

19. The said Secretary of State shall have the option of purchasing the railway, and its rolling stock and other equipments and property of the said company at the expiration of the first five years from the date of opening the main line, and at subsequent intervals of five years, by paying the said company 20 per cent. in excess of the value (to be determined in case of difference by arbitration) of their property as a dividend paying investment. Provided

always, that 12 months' notice, at the least, of the intention to exercise this option of purchase shall be given to the said company.

20. In case any dispute, doubt, or difference shall arise between the Secretary of State and the said company upon anything herein contained, or in anywise relating to the agreement, the same shall upon the request in writing of either party be referred to the arbitration of two indifferent persons, one to be chosen by each party in difference within 30 days after such request shall have been received, and in case either of the parties in difference shall neglect or refuse to nominate an arbitrator, then the other party shall nominate another arbitrator, and the two arbitrators so to be appointed shall, before proceeding in the reference, nominate another indifferent person to be umpire, and the said arbitrators shall make their award in writing within three months after such reference shall be made, or in case the arbitrators shall not agree to make their award within that time, then the matters in difference shall be referred to the umpire, who shall make his award in writing within two months next after the same shall have been so referred to him, and such arbitrators and umpire shall have all the powers and authorities given by any law made in that behalf, and the award of the two arbitrators, or of the umpire (as the case may be) shall be final and conclusive between the parties, and to that end it is agreed that any submission or reference to arbitration under or by virtue of this clause, may be made a rule of any court of competent jurisdiction pursuant to the Act for the time being in force in India relating to civil procedure.

21. This agreement shall not take effect, and no liability shall be incurred under it on the part of either of the parties hereto unless a company shall be formed and registered within twelve calendar months from the date hereof, and the said firm shall in no case incur any personal liability by reason of their being parties to this agreement.

In witness whereof the said parties to these presents have hereunto set their respective hands and seals the day and year first above written.

Signed, sealed, and delivered by Major
J. M. McNeile, R.E., Officiating Secretary to the Chief Commissioner of Assam in the Public Works Department for the Honourable the Chief Commissioner of Assam, acting in the premises for and on behalf of the Secretary of State for India in Council in the presence of

E. Raban, Lieut., R.E.,
Assist. Sec. P.W.D., Assam.

Fredk. Hutchinson,
Dep. Exam. P.W.D., Assam.

J. M. McNeile, Major, R.E.,
Officiating Secretary to
Chief Commissioner of
Assam, Public Works
Department.

L. S.

GENERAL SPECIFICATION referred to in the foregoing AGREEMENT.

1. The railway is to be laid on a gauge of one metre.
2. Before commencing work the company to submit a working plan and section, with drawings and estimates of all works, for the approval of the superintending engineer, Assam.
3. The width of the railway formation is to be not less than nine feet, exclusive of the width for the road, as specified in the agreement. The railway formation is to have side slopes of 1 in 2 in embankment and 1 in 1½ in small cuttings from the road. Side drains in cuttings are to be provided sufficient to keep the formation dry, and their width to be extra of formation.
4. The formation surface of banks and cuttings must be carefully formed so that the water cannot remain upon it.
5. *Bridging*.—The bridges of the existing road must be altered (where required) to the full width of formation. They must also be strengthened (where required) so as to bear, without undue strain, the greatest load that can possibly be brought upon them by

by the rolling stock used on girder bridges; the sleepers are to be securely fixed to the girders, and protected between the rails from fire; a sufficient bed of timber is to be provided under the girders, and a sufficient cushion of earth over all arches, to prevent the masonry suffering from the vibration of the trains.

6. Level crossings to be provided for all existing roads crossing or meeting the railway, and at such other places as the local authorities may require. They are to be provided with guard rails, and the surface of the crossing road is to be made up to the level of the rails which should be kept, as near as possible, to the level of the Dibrugarh and Sadiya road at the place.

7. Sleepers to be not less than six feet long, eight inches wide, and four inches deep. There are to be 2,400 to the mile.

8. The rails crossing and the switches are to be of steel. The rails are to weigh not less than 30 lbs. per yard. They are to be fished with two fish-plates and four bolts to each joint, and fastened to the joint sleepers with fang bolts, and to the other sleepers with dog spikes, four to each sleeper.

9. Sidings are to be provided at such places as the superintending engineer, Assam, may require.

10. Rolling stock is to be provided, sufficient in the opinion of the superintending engineer, Assam, for the efficient and regular conduct of the traffic, without undue wear and tear to the stock. Drawings of the rolling stock to be submitted for approval by the superintending engineer, Assam.

11. All permanent way, material, rolling stock, and other material obtained in England to be subject to the approval of the superintending engineer, Assam, who may subject them to the tests, mechanical and chemical, specified for similar material provided by contract for State railways, and reject such as fail to comply with these tests.

12. All materials obtained or manufactured in India and used in the line or its equipment to be subject to the approval of the superintending engineer, Assam, or his deputy, and to be liable to be tested as he may see fit.

13. All work executed in India on the line or its equipment to be subject to the approval of the superintending engineer, Assam, or his deputy, and executed to his satisfaction. Before being opened to public traffic the line must be passed by an officer who will be nominated by the Government of India for that purpose.

<p>Shillong, 22 October 1879, S. O. B. Ridsdale, Secretary, Chief Commissioner, Assam.</p>	<p>J. M. Williams, Lieut. Col., Secretary to Chief Commissioner, Public Works Department, Assam.</p>
<p>E. Raban, Lieut. R.E., Assistant Secretary to Chief Commissioner, Assam, Public Works Department.</p>	

CONTRACT between the SECRETARY of STATE for INDIA in COUNCIL and Messrs. SHAW, FINLAYSON & COMPANY on behalf of the ASSAM RAILWAY COMPANY, dated 25th July 1881.

THIS INDENTURE, made the 25th day of July 1881, between the SECRETARY of STATE for INDIA in COUNCIL for himself and his successors in office and assigns, hereinafter called "the said" Secretary of State, of the one part, and DAVID THOMAS SHAW, FRANCIS FINLAYSON, EVAN ALEXANDER JACK, JOHN HORNE, and PATRICK PLAYFAIR, who carry on business in co-partnership at Calcutta as merchants and agents, under the style or firm of Shaw, Finlayson & Company, hereinafter called "the said firm," acting in the premises for and on behalf of a Company intended to be shortly incorporated, to be called "the Assam Railways and Trading Company, Limited," of the other part, whereby it is agreed that a certain Indenture of Agreement, dated the 26th day of May 1880, and made between the said parties hereto, shall be altered and modified as follows:—

1. THE name of the company in the said agreement referred to as about to be incorporated and called "The Assam Railways Company, Limited," shall be and it is hereby altered to "The Assam Railways and Trading Company, Limited," as hereinbefore mentioned.

2. The time for constructing the respective railways authorised by the said Indenture

Indenture shall be extended as follows, (a) for the railway along the Government road towards Sadya until 24 months from the 15th of May 1881, and (b) for the branch line from Doom Dooma until 36 months from the 15th of May 1881, and in case the said company shall be prevented by *force majeure*, or by any cause not within their control, from completing the said railway and branch line within the said times, then due allowance shall be made for such *force majeure*, or other causes, and the respective times for completion shall be proportionately extended. The construction of any branch line or lines other than that from Doom Dooma aforesaid shall not be obligatory upon the said company.

3. The said Secretary of State in determining whether the said railway and branch line are constructed and equipped to his satisfaction shall pay due regard to the limited quantity and special character of the traffic that is to be expected in this as yet undeveloped and sparsely peopled district.

4. Clause 3 of the said Indenture, dated 26th May 1880, shall be altered, and, as altered, shall stand as follows:—

“The said company shall accept the position of common carriers, and shall be subject to all acts, regulations, and rules for the time being in force in India with regard to railways, and shall, if deemed necessary by the said Secretary of State, become the subject of a special Act of the Legislative Council for India, for the purpose of giving effect to the stipulations of this agreement between the said Secretary of State and the said company, and otherwise providing for its constitution, liabilities, and powers.”

5. The said company, after opening for traffic the railway or branch line or any section thereof respectively, shall be entitled to have an open credit with the Government Treasury at Debrugarh for such amount as the said company may from time to time require for its working expenses not exceeding the amount of its actual payments into the said Treasury, up to which limit the said company are to be entitled at any time or times to draw money from the said Government Treasury.

6. The said Secretary of State shall from time to time, when thereunto required, exercise all such powers as Government may possess for a compulsory purchase (when necessary, and provided the said Secretary of State shall concur in such necessity) of all such lands as the said company may require for the purpose of its railways, branch lines, stations, and works.

7. In case the said Secretary of State shall at any time or times decide to authorise the construction of any other line or lines of railway or tramway in the district of Luckimpore, the said company shall have the preferential option of undertaking the contract with Government for the construction and working of any such railways or tramways as may affect, directly or indirectly, the traffic of the aforesaid district or the parts thereof in which the railways and branch lines of the said company are or may be situate.

In witness whereof the said parties to these presents have hereunto set their respective hands and seals the day and year first above written.

Signed, sealed, and delivered by Major J. M. McNeile, R.E., Esq., Secretary to the Chief Commissioner of Assam, for and on behalf of the Chief Commissioner of Assam, acting in the premises for and on behalf of the Secretary of State for India in Council, in the presence of

W. F. Trotter, Captain,
Bengal Staff Corps, and J.P.

H. J. Peet, Major Bengal Army,
Officiating Inspector General
Police, Assam.

J. M. McNEILE, Major R.E.,
Officiating Secretary
to Chief Commissioner,
Assam, Department Public
Works.

L. S.

CONTRACT between the SECRETARY of STATE for INDIA in COUNCIL and the
BENGAL CENTRAL RAILWAY COMPANY, dated 26th July 1881.

THIS INDENTURE, made the 26th day of July 1881, between the SECRETARY of STATE in COUNCIL of INDIA of the one part, and the BENGAL CENTRAL RAILWAY COMPANY, LIMITED, of the other part, WITNESSETH that it is hereby agreed and declared as follows:—

Interpretation of Terms.

1. In this Contract—

The expression “the Secretary of State” means the Secretary of State in Council of India.

The expression “the company” means the company party to these presents.

Selection of Lines, &c.

2. It shall be lawful for the Secretary of State to select and determine the route and direction of a line of railway to commence at or near Calcutta, and to proceed by way of Baraset, Bongong, and Jessore, within the limits of the surveys and plans in the next succeeding section referred to, to a locality at or near Kulna, and also to select and determine the route and direction of a line of railway to commence at or near the Ranaghat Station of the Eastern Bengal Railway, and to proceed to a point at or near Bongong, and at such point to form a junction with the line of railway first mentioned in this section. Sufficient terminal accommodation shall be constructed by the company in Calcutta, or provided by the Secretary of State, as he may decide. The Secretary of State shall give notice to the company of the route and direction of each line selected by him, and of any part or parts thereof respectively when so selected. The Secretary of State shall have power to determine the situation and extent of the aforesaid junction, and of all stations, station yards, offices, warehouses, conveniences, and works to be constructed in connection with or as part of the said lines of railway respectively.

Repayment of certain Costs incurred by the Government of India.

3. Inasmuch as the Government of India has caused various surveys and plans to be made, and works to be executed, with the view of facilitating and expediting the construction of lines of railway to proceed respectively from Calcutta or its neighbourhood, by way of Baraset, Bongong, and Jessore to or near to Kulna, and from the Ranaghat Station of the Eastern Bengal Railway, or some point near that station to or near to Bongong, the company shall, within three months after the Government of India shall have signified in writing to the company the amount (in rupees) of money expended by Government in and about such surveys and plans and works, pay the amount so signified into the Treasury at Calcutta for the purposes of the Government of India; and the amount so paid shall, when certified by the Government of India, be deemed expenditure properly incurred by the company relative to the construction and completion of the said lines of railway. The company shall have the benefit of the surveys, plans, and works referred to in this section.

Land.

4. The Secretary of State shall, after the selection of the route and direction of the said lines of railway to be constructed by the company (hereinafter called “the said lines”), or of any part or parts thereof respectively, provide free of cost to the company the land which shall be required for the said lines and junction, or for the part or parts so selected and for the works connected therewith, and for proper stations, station yards, offices, warehouses, conveniences, and works, and for any junctions that the company may at any time, with the sanction of the Secretary of State, make between the said lines and any other railway, and shall give to the company possession of the land so provided. All

land of which possession shall be so given, which shall not be permanently required for the purposes of the company, shall, as soon as practicable, be restored and delivered up by the company to the Government of India.

Works.

5. The company shall, on receiving possession of land provided under the last preceding section, proceed with diligence in the construction thereon of the said lines and of all such stations, station yards, offices, warehouses, machinery, conveniences, and works as shall be necessary or expedient, as well with reference to the original construction of the lines and the working thereof, as with reference to their permanence and protection from injury by inundation, or other cause whatsoever. The railways constructed by the company shall be 5 feet 6 inches in gauge, and of a general structural character, in conformity with the now established standard of railways in India of that gauge.

Opening of the Lines for Traffic.

6. The company may, from time to time, as often as an inspecting officer acting on behalf of the Secretary of State shall certify that any portion of the said lines, or either of them, is fit for conveyance of passengers and goods, open the same portion for public traffic.

And the company shall open the said lines respectively for public traffic throughout, and supply them with a good and sufficient stock of engines, carriages, wagons, plant and machinery for working the same, when and so soon as such an inspecting officer as aforesaid shall have certified that the said lines are complete and fit for the conveyance of passengers and goods throughout.

Lease of Land to Company.

7. Upon both of the said lines being completed and opened for public traffic throughout, the Secretary of State will, at his own expense, and free of all expense or cost to the company, whether by way of rent or otherwise, grant to the company a lease of or otherwise secure to the company a right and title to the land which shall have been provided under section 4 (or so much of such land as shall be permanently required for the purposes of the company), for a term of 99 years, from the 1st day of January 1882, subject to the same being sooner determined under the provisions in that behalf hereinafter contained; and the Secretary of State shall guarantee to the company the right to and possession of such land as against any claimant, but shall not be called upon to show any title thereto.

As to Maintenance of the Undertaking and Government Inspection.

8. The company shall keep the said lines (or so much thereof respectively as shall for the time being have been opened for traffic), and all the stations, station yards, offices, warehouses, conveniences, and works thereto belonging, in good repair and sufficiently supplied with engines, carriages, rolling stock, plant and machinery, and shall keep the whole in good working condition.

The whole shall at all times be open to inspection by any officer or officers acting on behalf of the Secretary of State; and the company shall afford to every inspecting officer all such facilities as may be reasonably requisite to enable him to perform his duties. The company shall forthwith execute all such works as the Secretary of State shall, by notice in writing, require the company to execute, for the purpose of keeping the said lines in good repair and in good working condition. The company shall also, from time to time, provide sufficient working capital for the service of the said lines.

9. After the said lines shall be opened for traffic throughout the Secretary of State may, from time to time, by notice in writing, require the company to carry out, at their own cost, any reasonable alteration or improvement in or addition to, the said lines, or in or to any stations, station yards, offices, warehouses, conveniences, or works therewith connected respectively, which may be necessary for the safety of passengers or of the public. Such notice shall specify the alteration, addition, or improvement required and shall also in general terms describe

describe the works to be executed for the purpose of carrying out such alteration, addition, or improvement. On receiving any such notice the company shall, with all reasonable speed, execute the works described therein, the Secretary of State providing (free of cost, and on terms similar to those on which land is to be provided under Section 4), any land that may be required for the purpose, and granting to the company a lease of such land to run concurrently with and for the like term as the lease in Section 7 mentioned, and upon the same terms. If, in any case, the company shall fail to execute and complete the works to the satisfaction of the Secretary of State, and within a reasonable time, the Secretary of State may execute the works, or a portion thereof unexecuted by the company, and (for that purpose) may from time to time enter upon any land or premises of the company; and the company shall, on demand, pay into the Treasury at Calcutta, for the purposes of the Government of India, the moneys expended by him in executing such works; and if such moneys shall not be paid on demand, the same shall carry interest as against the company at the rate of four per cent. per annum, to be computed from the time of demand for payment of such moneys until payment of the same. The Secretary of State may, at any time, apply any moneys payable by him to the company under any of the provisions of these presents, in or towards the satisfaction of any principal moneys or interest due to him by the company under this section; and when section 27 shall have ceased to operate, such principal moneys and interest shall be a first charge on the net earnings of the company from time to time accruing.

10. The Secretary of State may, from time to time, prohibit the company from using any engine, carriage, wagon, vehicle, boat, machine, or appliance of any kind whatsoever, the use of which shall be declared by a duly authorised inspecting officer to be attended with danger to passengers or the public; and the Secretary of State may, by taking possession of such engine, carriage, wagon, vehicle, boat, machine, or appliance, or by such other means as he shall think fit to employ, prevent the company from using the same.

As to working the Undertaking and Conveyance of Traffic.

11. The company shall, unless hindered or prevented by accident or any other matter beyond their own control, cause at least one train daily to be run from either extremity of each of the said lines which shall for the time being have been opened for traffic, to the other extremity of the same line.

12. The rates and fares to be charged by the company for the carriage of passengers and goods respectively shall not be in excess of the following maxima (that is to say):

PASSENGER FARES.	GOODS RATES.
1st class, 12 pies per mile.	1st class, $\frac{1}{3}$ of a pie per maund per mile.
2nd class, 6 pies per mile.	2nd class, $\frac{2}{3}$ of a pie per maund per mile.
3rd class, 4 $\frac{1}{2}$ pies per mile.	3rd class, 1 pie per maund per mile.
4th class, 3 pies per mile.	

The classification of goods shall be arranged by the company, subject to the approval of the Secretary of State.

13. The company will, at all times, convey free of charge on the said lines of railway respectively, and any part thereof which for the time being shall have been opened for traffic, the Government mails and post office bags, and the guards and other servants of the post office in charge thereof, and also (when they are on duty) all officers and persons in the administration of the post office. The company will, at all times, also convey all troops and sailors in Her Majesty's service, and all other persons to whom the provisions of the acts and regulations for the time being in force for Her Majesty's naval, and for Her Majesty's European and Indian forces, respectively, shall be applicable, and all police officers, engineers, artizans, and other persons when employed in the business

of the Government, at rates calculated as follows:—*i.e.* All commissioned officers in Her Majesty's naval and military services, and persons in a similar station in life, shall be entitled to travel in first-class carriages at second-class fares; European troops, sailors, and artisans, and Europeans in Her Majesty's Indian Army (under the rank of commissioned officers), shall be entitled to travel in second-class carriages at the lowest fares; and all other such persons aforesaid, including prisoners and paupers, at the lowest fares. For every 100 men conveyed at the lowest fares, two tons of luggage will be conveyed free of charge, and persons entitled to travel first-class will be allowed the ordinary amount of luggage taken by a first-class passenger free of charge. The company will also, at all times, when and as required by Government, convey all military and naval establishments not hereinbefore specified, all horses and other animals used for military purposes, guns, military stores, and equipments, and all public stores of what kind soever, at the lowest rates for the time being ordinarily chargeable by the company for the carriage of such animals, goods, and stores respectively. The several privileges of conveyance and carriage hereby stipulated for shall, at all times, be enjoyed in preference to, and with priority over, the public use of the said lines.

14. The company shall convey gold and silver bullion and coin, and copper coin belonging to Government, and the persons in charge thereof, at special rates to be from time to time agreed upon between the Secretary of State and the company.

Telegraphs.

15. The Secretary of State shall be at liberty to construct, maintain, use and work, as his own property, such electric telegraphs and telegraphic appliances as he shall think fit, along the said lines or any part or parts thereof; and it shall be lawful for him for such purposes to enter at all reasonable times by his agents, workmen or others, on the said lines, or any part of them, and to erect, maintain, make, do, and execute thereon all such buildings, machinery, works, acts and things, as the Secretary of State shall consider necessary or proper in relation to the construction, maintenance, use and working of the said telegraphs and telegraphic appliances. The Secretary of State shall not, in respect to such matters, or any of them, be subject to the control or interference of the company. All buildings, machinery, works and appliances erected or brought, by or on behalf of the Secretary of State, on the said lines or either of them, shall be and remain the property of the Secretary of State.

The company shall at all times furnish the Secretary of State with such free passes as may be required for persons employed by him in or about or in anywise in connection with the erection, maintenance, working or inspection of the said telegraphs and telegraphic appliances.

16. The Secretary of State shall construct or provide such electric telegraphs and telegraphic appliances as the company shall, with the sanction of the Secretary of State, from time to time require, for the purposes of working the said lines, and the Secretary of State will allow the company to have the exclusive use (so long as they shall work the said lines) of such telegraphs and telegraphic appliances, and will maintain the same in good repair and in good working condition.

The working of such telegraphs and telegraphic appliances shall be exclusively in the hands of the company, and at their cost; but the company, if so directed by the Secretary of State, will observe the rules for the time being in force in the case of State railway telegraphs, or such of the said rules as the Secretary of State may from time to time prescribe for their observance. And the company will pay the charges of the Government Telegraph Department for rent, maintenance and inspection of the telegraphs and telegraphic appliances provided under this section for their use.

Police.

17. The Secretary of State shall provide and maintain for the purposes of the said lines such a force of police as the company, with the approval of the Secretary of State, shall from time to time require: Provided that in case
of

of difference between the Secretary of State and the company as to the portion of the force required for the preservation of law and order, the determination of the question shall rest with the Secretary of State. The cost of providing and maintaining the whole force of police employed for the purposes of the said lines shall be defrayed as follows (that is to say), three-tenths thereof shall be borne by the Secretary of State, and the remaining seven-tenths shall be borne by the company.

Application of Indian Railway Acts.

18. The company and its lines of railway and undertaking shall be subject to the provisions of the "Indian Railway Act, 1879," and to all other Acts of the Indian Legislature in force for the time being in the province of Bengal.

Money Capital.

19. The company shall pay into the Bank of England to the account of the Secretary of State the sum of 1,000,000 *l.* by such instalments and at such times as the Secretary of State and the company shall agree to be requisite to ensure the due prosecution and completion of the said lines, with the aforesaid junction, and all stations, station yards, offices, warehouses, machinery, conveniences and works necessary or expedient in connection therewith, to ensure the said lines being adequately supplied with engines, carriages, rolling stock, plant and machinery, and being duly opened for the conveyance of passengers and goods throughout.

Drafts on Capital.

20. As often as any money shall be required by the company for purposes to which the same is properly applicable under these presents, the same may be drawn by the company in London, in such sums, as shall from time to time be shown to the satisfaction of the Secretary of State to be necessary, and according to such arrangements as shall be made from time to time with the Secretary of State for the purpose. Ten days' notice of every draft, or proposed draft, shall be given to the Secretary of State, and the company shall not in any case be entitled to draw to an extent greater than the balance in its favour for the time being.

Deficiency of Money Capital.

21. If when the whole of the said sum of 1,000,000 *l.* shall, after being paid into the Bank of England to the account of the Secretary of State, have been drawn by the company and expended by it, both of the said lines, with their stations, station yards, offices, warehouses, conveniences, and works, shall not have been completed in all respects in conformity with the provisions of these presents and adequately provided with engines, carriages, rolling stock, plant and machinery, and with sufficient working capital, the company shall, with the sanction of the Secretary of State, provide the money necessary to defray the further expenditure requisite to enable the company fully to carry out and give effect to the provisions of these presents; and such money shall be paid by the company into the Bank of England to the account of the Secretary of State, and the moneys so paid, as last aforesaid, may be drawn by the company in the same manner as nearly as may be as if they had formed part of the aforesaid sum of 1,000,000 *l.*

Payment of Interest to Company.

22. The Secretary of State will, until both the said lines are completed and opened for traffic throughout, or until the 30th day of June 1886 (inclusive of such day), whichever shall first happen, pay to the company in London, out of the revenues of India, half-yearly, on every 1st day of July and 1st day of January, interest at the rate of 4 *l.* per cent. per annum, on all or any such sums or sum, not in the whole exceeding 1,250,000 *l.*, as shall for the time being have been paid by the company into the Bank of England to the credit of the Secretary of State, under the provisions contained in sections 19 and 21,

the interest on each individual sum to commence from time when the same shall have been paid into the Bank of England.

If the liability of the Secretary of State to pay interest to the Company shall terminate by the completion and opening for traffic of both the said lines, the Secretary of State shall, as soon as may be, pay to the company any interest due, calculated up to the date of such termination; and a duly apportioned amount of the net earnings of the company realised in respect of the half-year current at the date of the termination of the liability of the Secretary of State under this section to pay interest, shall be applied by the company towards the repayment, in London, to the Secretary of State, of the apportioned interest paid by him.

As to Interest on Interest paid by Secretary of State, and Repayment of Interest.

23. On all moneys paid as interest by the Secretary of State until repaid to him under the provisions in that behalf hereinafter contained, he shall be entitled to simple interest at the rate of 4 l. per cent. per annum, accruing *de die in diem*, and calculated on the same moneys respectively from the respective dates of the payment thereof to the company until repayment; but such moneys, or any interest thereon, shall not be repayable or payable to the Secretary of State except so far as he shall become entitled to receive the same under the provisions hereinafter contained. Provided nevertheless that the Secretary of State shall not be entitled to interest on any such part of any half-yearly payment of interest made by him to the company as shall be ultimately repaid to him out or by means of the net earnings (hereinafter defined) of the company attributable to the half-year in respect of which the same half-yearly payment of interest shall have been made.

Net Earnings and Working Expenses.

24. All moneys received by or on account of the company in India in respect of the working of the said lines or either of them, or any part or parts thereof which shall for the time being have been opened for traffic, and all income (not being interest paid by the Secretary of State to the company under Section 22 hereof) in anywise received by the company in respect of the undertaking which shall be carried on by them under the provisions of these presents (which said moneys and income are hereinafter collectively termed gross earnings of the company), shall, in the first place, be applicable in payment of the working expenses (as hereinafter defined) of the company, in such manner that the working expenses of every half-year shall, as far as possible, be borne by the gross earnings of the half-year to which such working expenses are properly attributable, and the residue remaining from time to time at the end of each half-year, after deducting all unpaid working expenses incurred up to the end of such half-year, shall be deemed the net earnings of the company for that half-year, and shall be dealt with accordingly.

25. The term working expenses of the company shall mean and include all costs and expenses incurred by the company in and about the maintenance, management, and working of the said lines, with all stations, station yards, offices, warehouses, conveniences, junctions, and works, rolling stock, plant, and machinery thereto belonging, or therewith or thereon used, and in and about the working of any electric telegraphs and telegraphic appliances provided under Section 16, and in general, all reasonable expenses of managing and carrying on the undertaking of the company.

In the working expenses there shall be reckoned and included so much of the cost of providing and maintaining a police force for the purposes of the said lines as is not hereby agreed to be borne by the Secretary of State, the charges of the Government Telegraph Department for rent, maintenance, and inspection of the telegraphs and telegraphic appliances provided for the use of the company, and any other expenditure (whether in the nature of a payment towards a sinking or reserve fund or otherwise), which the Secretary of State, and the company may from time to time agree to treat as working expenses; but no part of the cost of the original construction of the said lines or of any of the stations, station yards, offices, warehouses, conveniences, and works,

or

or of any additions to the same or either of them, or of the purchase (except by way of replacement or renewal) of any of the engines, carriages, rolling stock, plant or machinery belonging to or used with or on, or provided for the said lines, shall be included in the working expenses of the company.

26. The company shall, from and after the opening for traffic of the said lines, or of any part or parts thereof respectively, keep a revenue account, in which shall be entered all the gross earnings of the company and the working expenses of the company. The revenue account shall be made up half-yearly to the 30th day of June and the 31st day of December in every year, or to such other days as the Secretary of State shall from time to time prescribe.

Temporary Provisions.

27. So long as the Secretary of State shall be liable to pay any interest to the company under Section 22, and, after the termination of such liability, so long as the interest paid by him to the company, and the interest on all such portions thereof as under the provisions hereinbefore contained shall carry interest, shall not have been respectively fully repaid and paid to him, or so long as any moneys (whether for principal or interest) are due by the company under Section 9 to the Secretary of State, the following sub-sections respectively lettered (a) (b) and (c) shall apply and be in force:—

(a.) All moneys received by or on account of the company in India, in respect of the working of the said lines or either of them, or any part or parts thereof which, for the time being, shall have been opened for traffic, shall, at such times and in such manner as the Secretary of State may from time to time direct, be paid without deduction into the Treasury of the Government of India at Calcutta, to a separate account; and such moneys may be drawn upon by the company, whether for expenditure in India or remittance to England, according to such arrangements as shall from time to time be made with the Secretary of State, for application to any purposes to which such moneys are by these presents applicable.

(b.) The net earnings of the company in or in respect of each half-year shall be applied by the company for the purposes, and in the order following; that is to say:—

(1.) To repay to the Secretary of State, as far as may be, the interest paid by him to the company in respect of the same half-year.

(2.) To pay to the company in London 2 l. 10 s. per cent. on the total amount of the moneys paid by the company into the Bank of England conformably with the provisions of these presents.

(3.) As to one-half of any residue remaining after making the payments hereinbefore in this sub-section specified, or such part thereof, less than a half, as shall be sufficient for the purpose to pay thereout, as far as may be, to the Secretary of State, in London.

Firstly, any interest due to him, under the provisions of Section 23; and

Secondly, any moneys which the Secretary of State shall have paid to the company as interest under Section 22, and which shall not then already have been repaid to him;

And as to the other half of such residue, or other the ultimate remainder of the said net earnings, to pay the same to the company for its own use.

Provided nevertheless, and it is hereby declared that notwithstanding anything hereinbefore contained, the company shall be entitled to have their net earnings which shall be realised in each separate entire calendar year, computed from the time when both the aforesaid lines shall have been completed and opened for traffic, applied in making payment to them in full of the two half-yearly amounts of 2 l. 10 s. per cent. on the total amount of the moneys paid by the company into the Bank of England conformably

formably with the provisions of these presents attributable to the same calendar year in priority to the application thereof, to any other of the aforesaid purposes mentioned in this sub-section, and in dealing with the net earnings of the company regard shall be had to this declaration, and no part of any net earnings realised in the first half of any calendar year, computed as aforesaid, shall be applied otherwise than in or towards satisfaction to the company of 2 L. 10 s. per cent. on the said total amount until after the expiration of the second half of the same calendar year.

(c.) The revenue account shall be regularly submitted by the company to the Secretary of State, who may audit the same (the company giving every facility and assistance required for such audit), concurrently with or after expenditure, or in both ways, as he may think fit, and may in case of error being discovered therein correct the same within three calendar months after the account containing such error shall have been submitted to him. Every revenue account shall be considered as settled at the expiration of three calendar months after the same shall have been submitted to the Secretary of State: but nevertheless any error which may (whether subsequently or not) be discovered therein shall be corrected in the next revenue account, or in any subsequent revenue account or accounts, as the Secretary of State may determine. Any reasonable expenses of and incidental to every audit on behalf of the Secretary of State (including the expenses incurred by the employment by the Secretary of State of any person for any purpose connected therewith) shall be paid by the company, and shall form part of the working expenses of the company; and the statement by the Secretary of State of the amount of such expenses shall be conclusive.

28. When and as the liability of the Secretary of State, under the provisions hereinbefore contained, to pay interest to the company shall have terminated, and all interest paid by him to the company, and the interest which shall accrue on such portions thereof as shall carry interest, and all moneys due to the Secretary of State under Section 9, shall have been respectively fully repaid and paid to him—any moneys paid into the Treasury at Calcutta by the company under sub-section (a) of Section 27, and not already drawn out by the company, or otherwise dealt with conformably with these presents, shall belong absolutely to the company, and shall forthwith be paid over to them by the Secretary of State.

Capital Expenditure and Account.

29. All the expenditure of the company during or relative to the original construction and completion of the said lines, with the aforesaid junction and the said stations, station yards, offices, warehouses, conveniences, junctions, and works respectively, and relative to the cost of originally supplying the requisite engines, carriages, rolling stock, plant and machinery, and any boats required for working any ferry, shall from time to time be stated by the company, and submitted to the Secretary of State; and, as between the company and the Secretary of State, such expenditure shall be allowed so far only as the same shall from time to time be admitted by him.

30. The question whether any expenditure incurred by the company is to be treated in the whole or in part as a charge incurred on capital account, or how the same is to be dealt with, shall be determined on the general principle that capital is to bear the cost of new works, of additional rolling stock, plant and machinery, and of substantial improvements of and additions to old works, rolling stock, plant and machinery (including the cost of any temporary new work, the construction of which is requisite for the construction of a work properly chargeable to capital), and that the cost of repairs, restorations, renewals or replacements, falls under the head of working expenses, and is not a charge incurred on capital account, provided that the expenses of maintenance or repair necessitated by causes other than fair or ordinary wear and tear, if incurred within 12 months after the opening for traffic, shall be borne by capital. After the said lines have been opened for traffic throughout, no portion of the salaries or allowances of any of the company's permanent supervising or other administrative

administrative staff shall be chargeable to capital, although for the time being employed partly or wholly in directing or superintending work so chargeable; and no expenses connected with the engagement, or passage from or to England, of any person in the company's service shall be chargeable to capital, unless such person shall have been specially engaged to carry out work chargeable to capital, and been actually employed upon such work; but until the lines are opened for traffic throughout, all the expenses of the company (including all costs of and incidental to the formation and registration of the company) shall be chargeable to capital, except to the extent to which there may in any half-year be earnings of the company applicable to meet the expenses of such half year.

31. If any difference shall arise between the Secretary of State and the company, as to whether any expenditure incurred, in any particular case, is to be treated as a charge incurred on capital account, the matter in difference shall be referred to the decision of the joint auditor, if the Secretary of State and the company shall have appointed such an officer; but in case a joint auditor shall not have been appointed, then the matter in difference shall be referred for final decision to the company's auditor (or some other person to be named by the company), and a Government examiner of railway accounts (or some other person to be named by the Secretary of State), or in case of their being unable to agree, to a referee to be named by them. The costs of any such reference shall, unless the Secretary of State shall otherwise direct, be treated as part of the working expenses of the company.

32. The company shall enter all the expenditure allowed under Section 29 in an account, to be called "The Capital Account;" and when and so soon as the said lines, with the aforesaid junction, and all proper stations, station yards, offices, warehouses, conveniences, and works shall have been completed, and provided with the necessary engines, carriages, rolling stock, plant, and machinery, the Secretary of State shall, by examination of such account, ascertain and certify the amount of the expenditure. If any further expenditure shall from time to time be made by the company, or if any payment shall be made by the company to reimburse the Secretary of State for moneys expended by him under Section 9, and if the Secretary of State shall admit that such expenditure or payment is properly chargeable to capital, the same shall in like manner be entered in the capital account. And from time to time, as occasion shall require, the said capital account shall be made up and stated afresh, and the total amount of expenditure entered therein shall be ascertained and certified by the Secretary of State. In the said capital account shall also be entered any moneys produced by sale of property originally purchased under expenditure entered in the said capital account under Section 29 or this present section, and the Secretary of State shall from time to time, as may be necessary, ascertain and certify the amount of the excess of the expenditure entered in the capital account over the receipts entered therein.

Rate of Exchange.

33. If for the settlement of any transaction, arising between the Secretary of State and the company, it become necessary to decide at what rate of exchange any sums shall be converted from Indian currency into sterling money, the rate to be adopted shall be the average rate at which bills shall have been drawn by the Secretary of State on the Treasury of the Government of India at Calcutta, in the half-year or half-years in which the transactions may have occurred.

Accounts and Returns of Traffic.

34. The company shall keep all such accounts and returns of its traffic as are required by the Government to be kept by the Indian railway companies whose undertakings are worked under the supervision of the Secretary of State, and in the forms in which the same accounts and returns of traffic are required to be kept by such companies; and the company shall, at its own cost, render all accounts and returns of traffic required to be kept by it, under this section, to the Secretary of State, at such times as he shall from time to time require.

Return of Surplus.

35. If it shall happen that when the said lines have been completed and opened for traffic throughout, with the aforesaid junction and all proper stations, station yards, offices, warehouses, conveniences, junctions, and works, and furnished with sufficient engines, carriages, rolling stock, plant, and machinery, the company shall not have drawn out the whole of the moneys paid by it into the Bank of England to the credit of the Secretary of State, pursuant to these presents, the balance of such moneys remaining undrawn shall be refunded to the company in London: Provided always, that it shall be lawful for the Secretary of State to deduct therefrom any sum then payable by the company to him under the provisions of Section 9 of these presents.

Running Powers over other Systems, and interchange of Traffic.

36. The Secretary of State will, upon such terms as may from time to time be agreed upon between him and the company, endeavour to obtain for the company powers to form such junctions as the Secretary of State may approve, with railways belonging to other companies or to the State, and powers to run the trains of the company on such other railways upon reasonable terms and conditions, and in particular the Secretary of State will endeavour to obtain such powers for the company with reference to the railways of the Eastern Bengal Railway Company, and of the Calcutta Municipal and Port Commissioners respectively, in such manner as the Secretary of State may think necessary in order to insure to the company convenient access to a suitable terminal station at Calcutta, and to the warehouses and wharves on the Hooghly.

37. The company will, from time to time, upon the requisition of the Secretary of State, make reasonable arrangements for the use of the said lines for the passage of engines and trains belonging to other railway companies or to State railways, for the interchange of traffic and rolling stock belonging to other companies or the State, and for the use of any of the stations of the company situated on the said lines, for the accommodation of the traffic of any other railway company or State railway: Provided that all such arrangements shall be made subject to the payment of reasonable tolls and under reasonable conditions and restrictions.

Miscellaneous Provisions.

38. The Secretary of State will promote the passing by the Legislature in India of any Act or Acts which may be required to enable the company to fulfil the obligations hereby undertaken by it.

39. Every notice, direction, requisition, appointment, approval or certificate to be given or signified on the part of the Secretary of State, for any of the purposes of these presents, shall be sufficient and binding, if in writing signed by the Secretary of State, or one of his Under Secretaries, or his Assistant Under Secretary, or by a Secretary of Government at Calcutta, or by any other officer or servant duly authorised to act on behalf of the Secretary of State or the Government of India in respect of the matters to which the same shall relate: and the Secretary of State shall not in any case be bound in respect of any of the matters mentioned in this section unless the matter shall be duly stated in writing and signed.

40. The company shall at all times keep an office established at Calcutta, and shall keep at such office an authorised agent, or committee of agency, with whom the Secretary of State and the Government of India, or any officer or officers properly deputed in that behalf, may communicate on affairs concerning the railways of the company. All drafts drawn and receipts given by the said agent, or committee of agency, or under his or their authority, on behalf of the company, concerning the railways of the company and the affairs thereof, shall be binding on the company; and every notice to be given to the company, other than the notices mentioned in any of the several sections hereinafter contained, shall be sufficiently given if left at the office mentioned in this section, or if personally served on the said agent or on any member of the said committee or agency.

Lapse to Government by efflux of Time.

41. At the end of the term of 99 years (on the 31st day of December 1980), the land which shall have been provided for the company under these presents, so far as the same shall not have been previously restored and delivered up by the company, shall, with the said lines and all buildings, works, and fixed machinery thereon not then already belonging to the Secretary of State, revert to the Secretary of State, free from all debts and charges whatsoever. The company shall thereupon deliver to the Secretary of State all plans, surveys, sections, books, printings, writings, drawings, and documents whatsoever in anywise connected with the said lines and the affairs thereof. And the company shall sell, and the Secretary of State shall purchase, all engines, carriages, rolling stock, plant and machinery, stores and boats, which at the end of the said term of 99 years shall be the property of the company and used in working the said lines or in connection therewith, for such sum of money as shall be the fair value thereof, the same to be determined, in case of dispute, by arbitration in manner by Section 45 provided in respect of the matters therein dealt with. And such sum of money, with interest thereon at the rate of 5 l. per centum per annum, calculated from the expiration of the said term of 99 years, until payment shall be paid by the Secretary of State, out of the revenues of India, to the company in London, within four calendar months after the amount thereof shall have been determined.

Purchase by the Secretary of State.

42. It shall be lawful for the Secretary of State to purchase the said lines, with the stations, station yards, offices, warehouses, works, conveniences, engines, carriages, rolling stock, plant, machinery, stores and boats, thereto belonging, either upon the 1st day of January 1912, or upon the 1st day of January 1932, upon giving one year's previous notice in writing to the company in London of his intention to purchase. And in case such notice of purchase shall be given, the land provided for the company under these presents, so far as the same shall not have been previously restored and delivered up, with the lines and all buildings, works, and machinery thereon (not then already belonging to the Secretary of State), and all engines, carriages, rolling stock, plant, machinery, stores and boats used in working the said lines or in connection therewith, or appropriated thereto, shall on the 1st day of January 1912, or on the 1st day of January 1932 (according as the notice of purchase shall have been given for the one of those dates or for the other), become the absolute property of the Secretary of State, free from all debts and charges whatsoever. And the company shall thereupon deliver to the Secretary of State all the engines, carriages, rolling stock, plant, machinery, stores and boats, used upon or in connection with or appropriated to the said lines, and all plans, surveys, sections, printings, writings, drawings, and documents whatsoever in anywise relating thereto. The Secretary of State shall on the day on which the said lines, and other the premises mentioned in this section, shall, under this section, become his property, pay to the company in London, out of the revenues of India, the amount of the expenditure entered in the capital account and certified by the Secretary of State (if no receipts shall have been entered in the capital account), or (in case any receipts shall have been entered therein), then the ultimate certified excess of such expenditure as last aforesaid over such receipts as last aforesaid, together with, in either case, such bonus as hereinafter provided (that is to say), in the former of the said two cases a bonus at the rate of 25 l. per cent. upon the total expenditure entered in the capital account, and so certified as aforesaid, and in the latter of the same two cases a bonus at the like rate upon the largest certified excess which there shall at any previous time have been of the expenditure entered in the capital account over the receipts which shall up to the same previous time have been entered therein, and together with, in either of the said two cases a bonus, at the rate of 25 l. per cent. on the maximum amount which shall at any time have been agreed to by the Secretary of State as the amount of working capital of the company appropriated to its undertaking contemplated by these presents, and together also with the value (to be ascertained by arbitration, in case of difference) of any stores delivered up to the Secretary of State under this section: Provided that the Secretary of State shall not under this section become liable to pay a larger

amount to the company in respect of bonuses than 312,500 l., or to pay to the company a larger aggregate amount than 1,812,500 l., and such aggregate amount shall be subject to deductions, as hereinafter provided (that is to say) the Secretary of State shall deduct therefrom the sum (to be ascertained by arbitration in case of difference) requisite to place the said lines in fair working condition, and to render their equipment with engines, carriages, rolling-stock, plant, machinery, and boats reasonably adequate, both in quality and quantity, to the amounts charged in the capital account for such equipment.

Provision for Default of Company in Constructing and Working the Railways.

43. If default shall be made by the company in raising, or paying the said sum of 1,000,000 l., or any of the instalments thereof, or such further capital as shall be required for the construction and completion of the said lines, or in the due application of any moneys drawn by the company out of the moneys paid into the Bank of England to the account of the Secretary of State, or in the execution and completion of the said lines and works hereby provided to be executed and completed, or in case of any breach on the part of the company of any of the provisions herein contained, it shall be lawful for the Secretary of State to give the company in London six calendar months' notice in writing of his intention to terminate the interest of the company in the said lines and works and the land provided for the same, and unless the default or breach shall be made good or remedied prior to the expiration of the said six calendar months it shall be lawful for the Secretary of State, on the expiration of the same six calendar months, to assume possession of the said lines, works, and land, and of the engines, carriages, rolling-stock, plant, machinery, stores, and boats, belonging or appropriated to the said lines, free from all debts and charges whatsoever. And in case of such possession being assumed, the Secretary of State shall be liable to pay out of the revenues of India, to the company in London, within six calendar months from so assuming possession, the amount of the expenditure of the company entered in the capital account and certified by the Secretary of State (if no receipts shall have been entered in the capital account), or (if any receipt shall then have been entered therein) the ultimate certified excess of such expenditure as last aforesaid, over such receipts as last aforesaid, together with the value (to be ascertained by arbitration in case of difference) of any stores of which the Secretary of State shall have assumed possession under this section, and together also with so much (if any) of the moneys paid by the company into the Bank of England to the account of the Secretary of State, pursuant to these presents, as shall then not have been drawn out by the company: Provided that from the amount becoming payable by the Secretary of State under this section, shall be deducted by the Secretary of State, in case the powers of this present section shall be exercised subsequently to the opening of the said lines for traffic, the sum (to be ascertained by arbitration in case of difference) requisite to restore the said lines to a fair working condition, and render their equipment with engines, carriages, rolling-stock, plant, machinery, and boats reasonably adequate, both in quality and quantity, to the amounts charged in the capital account for such equipment.

Extinguishment of Liability.

44. Upon the Secretary of State acquiring the right of possession of the said lines, and the interest of the company in the same terminating, under any of the three sections last hereinbefore contained, the obligations of the parties hereto under any of the provisions of these presents, save provisions in such three sections contained, shall cease: But this shall not exempt either party from liability for previous breaches of provisions in these presents contained, or deprive the Secretary of State of the right to recover from the company any moneys which the company shall be under liability to pay to him, or from applying in or towards satisfaction of any such moneys as last aforesaid any moneys becoming payable by him to the company under any of the three sections last hereinbefore contained.

Arbitration.

45. If the Secretary of State and the company shall fail to agree touching any matter with respect to which their agreement is required by these presents, or if (in any case not hereinbefore specially provided for) any dispute, question, or controversy shall at any time arise between the Secretary of State and the company touching these presents, or the construction or operation hereof, or the rights, duties or liabilities of either party in relation to the premises, then and in every such case the matter as to which the Secretary of State and the company shall fail to agree, or the matter in difference, as the case may be, shall be referred to two arbitrators or their umpire, pursuant to and so as, with regard to the mode and consequences of the reference and in all other respects, to conform to the provisions in that behalf contained in the Common Law Procedure Act, 1854, or any subsisting statutory modification thereof; and upon every such reference, the arbitrators and umpire shall respectively have power to examine witnesses upon oath or affirmation, and either to fix, settle, and determine the amount of costs of the reference and award respectively, or incidental thereto, to be paid by both parties, or by either party, or to direct the same to be taxed either as between solicitor and client or otherwise, and to direct and award where and by and to whom such costs shall be paid: and every or any such reference may be made a rule of Her Majesty's High Court of Justice, or of the High Court of Judicature at Fort William in Bengal, on the application of the Secretary of State or of the company, and either the Secretary of State or the company may instruct counsel to consent thereto for the other party.

In witness whereof Sir Barrow Helbert Ellis, K.C.S.I., and Lieutenant General Sir Henry Wylie Norman, K.C.B., C.I.E., being two Members of the Council of India, have hereunto set their hands and seals, and the Bengal Central Railway Company, Limited, have hereunto caused their common seal to be affixed the day and year first above named.

Signed, sealed, and delivered by the above-named Sir Barrow Helbert Ellis and Sir Henry Wylie Norman, in the presence of

Henry Treasure,
India Office, Solicitor.

B. H. ELLIS.

L. S.

H. W. NORMAN.

L. S.

The Common Seal of the Bengal Central Railway Company, Limited, was hereunto affixed in the presence of

C. H. Dickens,
Edward F. Harrison, } Directors.
D. A. Traill Christie,
Secretary.

L. S.
Seal of the
Bengal Central
Railway Co.
Limited.

CONTRACT between the **SECRETARY of STATE for INDIA in COUNCIL** and the **OUDE and ROHILKUND RAILWAY COMPANY**, dated 17th February 1882, as to raising 500,000 *l.* on Debentures for Construction of Extension Railways.

THIS INDENTURE, made the 17th day of February 1882, between the **SECRETARY of STATE in COUNCIL** of the one part, and **The OUDE and ROHILKUND RAILWAY COMPANY, LIMITED** (hereinafter called "The Company"), of the other part.

WHEREAS negotiations are pending between the Secretary of State in Council and the company, for the construction by the company of an extension line of railway from Moradabad to Saharanpur, but the terms on which such line shall be constructed, and the respective interests therein of the parties hereto after its construction, have not been settled or defined :

And whereas the Secretary of State in Council has, in order to save time, consented to the company taking possession of the land required for the said railway, and to their commencing forthwith the construction thereon of the said railway; and in order to enable the company to raise sufficient capital for commencing the works, the Secretary of State in Council, on the 17th day of August 1881, authorised the company to raise the sum of 500,000 *l.* by the issue of debentures carrying interest at the rate of 3 *l.* 10 *s.* per cent. per annum, each debenture to be so issued to be in a form similar to the form specified in the Schedule hereto; and it was agreed that the company should pay all sums advanced on every debenture to be issued as aforesaid into the Bank of England to the credit of the Secretary of State in Council, and that the Secretary of State in Council should, out of the revenues of India, provide for the payment of the principal and interest payable in respect of the said debentures, when so issued, at the times for those purposes in the said debentures respectively mentioned :

And whereas it has been agreed that these presents shall be executed :

And whereas the covenants herein, on the part of the Secretary of State in Council, are hereby declared by the Secretary of State in Council to be entered into with the concurrence of a majority of votes at a meeting of the Council :

NOW THIS INDENTURE WITNESSETH, that in pursuance of the said agreement, and in consideration of the premises, the Secretary of State in Council doth hereby (so far as the covenants and agreements hereinafter contained are to be observed and performed by the Secretary of State in Council) covenant with the company and their successors, and the company do hereby, for themselves and their successors (so far as the covenants and agreements hereinafter contained are to be observed and performed by them) covenant with the Secretary of State in Council, in manner following (that is to say) :

1. That the company will, at such times as may be agreed to between the parties hereto, create and issue debentures in accordance with the form contained in the Schedule to these presents, and upon the terms therein mentioned for securing principal sums amounting in the aggregate to 500,000 *l.*, with interest at the rate of 3 *l.* 10 *s.* per cent. per annum, or such other rate of interest as may be approved by the Secretary of State in Council, and the company will forthwith pay all sums advanced on every debenture to be issued as aforesaid (including sums received as premiums) into the Bank of England, to the credit of the account of the Secretary of State in Council.

2. That the Secretary of State in Council will, as often as, and when the half-yearly interest payable in respect of the debentures representing the said sum of 500,000 *l.*, or any portion thereof, issued by the company with the sanction of the Secretary of State in Council, shall become due, pay out of the revenues of India the aggregate amount of such interest to the company in London, and will, on the day for that purpose mentioned in each debenture representing the said sum of 500,000 *l.*, or any portion thereof, or in any

memorandum

memorandum of extension endorsed on the debentures, and signed by the Under Secretary of State for India, and the managing director of the company for the time being, pay out of the revenues of India to the company in London the amount of the principal sums payable on such day on or in respect of the same several debentures; and the moneys so to be paid to the company shall be applied in payment of the interest and principal sums accordingly.

3. That the Secretary of State in Council shall not pay or guarantee or be required to pay or guarantee any interest on any sum which on the issue of debentures has been or shall be paid to the company as premiums, but all such sums shall be placed to an account of "Capital not bearing interest," and shall be applicable in the manner and for the purposes in and for which money raised by the issue of debentures as aforesaid are or shall be applicable.

4. That in the event of the failure of the said negotiations for the construction of the said extension railway, and of no terms being agreed to, the works which shall have been commenced on the said extension railway, together with all stores, machinery, and materials purchased for the same, shall, immediately on such failure as aforesaid, be handed over by the company, and shall belong to the Secretary of State in Council; and the Secretary of State in Council will take over the said debentures, and any balance of money which may have been raised by means of the said debentures, and shall not have been advanced to the company, or having been advanced to the company shall remain unexpended by them for the purposes of the said extension line of railway, shall be retained or received by the Secretary of State in Council, or shall be repaid by the company to the Secretary of State in Council.

5. That, until the said negotiations shall have been concluded or shall have failed, the sum raised by the said debentures shall be applied to the construction of the said extension line of railway, subject to such orders and limitations as the Secretary of State in Council shall from time to time give or impose; and clauses numbered 4, 5, 7, 8, 10, 11, and 26, respectively contained in an Indenture dated the 2nd of August 1867, between the Secretary of State in Council and the company, which clauses relate to the construction of a railway and works thereby agreed to be made, shall apply, so far as the same can be made to do so, to the construction of the said extension line of railway, it being intended that all the powers by the said clauses given to the Secretary of State in Council, and all the obligations thereby imposed on the company in regard to the construction of the railway and works by the said Indenture agreed to be made, shall be applicable in like manner in regard to the construction of the said extension line of railway. And a separate account of the expenditure of the said sum shall be kept in such form as the Secretary of State in Council shall require.

In witness whereof Colonel Henry Yule, C.B., and Sir Robert Montgomery, G.C.S.I., K.C.B., being two Members of the Council of India, have hereunto set their hands and seals, and the said Railway Company have hereunto caused their common seal to be affixed, the day and year first above written.

Signed, sealed, and delivered by the above-named Colonel Henry Yule and Sir Robert Montgomery, being two Members of the Council of India, in the presence of

Robt. Wickenden,
India Office.

H. YULE.

L. S.

R. MONTGOMERY.

L. S.

The Common Seal of the Oude and Rohilkund Railway Company, Limited, was hereunto affixed, in the presence of

C. C. Johnston, Major-General,
Managing Director.

Seal of
the Oude and
Rohilkund Rail-
way Company,
Limited.

THE SCHEDULE.

THE OUDE AND ROHILKUND RAILWAY COMPANY, LIMITED.

£. Per Cent. Debenture.

Guaranteed by the Secretary of State in Council.

No. _____ £. _____

The Oude and Rohilkund Railway Company, Limited,
 29, Martin's-lane, Cannon-street, London.
 The Oude and Rohilkund Railway Company, Limited, having received from
 the sum of _____
 pounds, the said Company hereby bind themselves and their successors to the said
 administrators, or assigns, to pay to him or them, or the bearer for the time being of this
 Debenture, the principal sum of _____ pounds, upon the _____, or on such later day as may be
 agreed on by memorandum to be endorsed hereon and signed by the Managing Director
 of the Company and by the Under Secretary of State for India on presentation of this
 Debenture, at the principal office in London of Messieurs Smith, Payne, and Smith's,
 Number 1, Lombard-street, London, or other the bank for the time being of the Company,
 and in the meanwhile and until the said _____ one thousand eight hundred
 and _____, or such later day as aforesaid (from which date
 interest will cease to run) to pay interest half yearly on the said principal sum, at the rate
 of _____ per centum per annum, on the _____ and
 the _____ in each year, as expressed in the coupons annexed to
 this Debenture, upon presentation at the said Messieurs Smith, Payne, and Smith's, or
 other the bank for the time being of the Company, of the said coupons respectively.

Given under our common seal this _____ day of _____ in
 the year of our Lord 18 _____.

Payment of principal and interest guaranteed
 by the Secretary of State in Council.

Sealed in the presence of

 Managing Director.

WE, the undersigned, being two of the Directors of the Company specially authorised
 and appointed for this purpose, and I, the undersigned, Registered Officer of the Com-
 pany, do hereby declare (each for himself) that the above Debenture is issued under the
 borrowing powers of the Company as registered on the _____ day of _____
 one thousand eight hundred and eighty-one, and is not in excess
 of the amount there stated as remaining to be borrowed.

 { Managing Director _____ }
 and _____ }
 { Registered Officer. _____ } Directors.

CONTRACT between the **SECRETARY of STATE for INDIA in Council** and the **SOUTHERN MAHRATTA RAILWAY COMPANY**, dated 1st June 1882.

THIS INDENTURE, made the 1st day of June 1882, between the **SECRETARY of STATE in COUNCIL of INDIA** of the one part, and The **SOUTHERN MAHRATTA RAILWAY COMPANY, LIMITED**, of the other part: Witnesseth, and it is hereby agreed and declared as follows:—

Interpretation of Terms.

1. In this Contract.

The expression "The Secretary of State," means the Secretary of State in Council of India:

The expression "The Company," means the Southern Mahratta Railway Company, Limited:

The expression "The projected Railway," means and includes the four several lines of railway mentioned in the 3rd Section of this Contract, and any such of the lines of railway particularised in the 48th Section of this Contract as the Secretary of State may hereafter under the powers conferred on him by that Section require the Company to construct.

Duration of Contract.

2. This Contract shall continue in force until the 30th day of June 1932, subject to the provisions hereinafter contained for determining the same.

Construction of Lines.

3. The Company shall with due diligence and expedition and in accordance in all respects with the directions of the Secretary of State, construct on routes to be selected and determined by the Secretary of State, and on land to be provided by him as hereinafter stipulated the four several lines of railway hereinafter mentioned (that is to say):—

(1.) A line from the terminus of the West of India Portuguese Guaranteed Railway on the British Frontier *viâ* Gadak to Bellary.

(2.) A line from Gadak to Sholapur.

(3.) A branch to Bankapur.

(4.) A branch to Belgaum;

together with all such stations, station yards, offices, warehouses for employés, machinery, conveniences and works, as in the opinion of the Secretary of State shall be necessary or proper for the purposes of the said lines of railway respectively, either as regards the due working of the same or as regards the permanence of the same and the protection of the same from the destruction or injury by inundation, tempest, or otherwise. The railways to be constructed by the Company under this section shall be of the *mètre* gauge, and shall in general structural character conform in all respects with the now established standard of railways in India on that gauge. Designs and estimates in relation to the construction or execution of all or any of the lines of railway stations, and other works to be constructed and executed under this section, shall, if required, be furnished by the Company to the Secretary of State, and be subjected to his approval, or the Secretary of State may furnish designs to the Company, and the Company shall in that case be bound to follow them. It is intended that the lines of railway mentioned in this section shall be called "The Southern Mahratta Railway."

Notification to Company of Route of Railways.

4. The Secretary of State shall from time to time notify to the Company the route of the projected railway, so far as such route shall from time to time have been determined by him.

Situation of Stations, &c.

5. The Secretary of State shall have power to determine the situation and dimensions of all stations, station yards, offices, warehouses, houses for employes, conveniences and works to be constructed in connection with or as part of the projected railway.

As to certain existing Surveys, &c.

6. The Secretary of State having caused various surveys and plans to be made, and works to be executed, with the view of facilitating and expediting the construction of the projected railway, or some part or parts thereof, will allow the Company to have the benefit of the same surveys, plans, and works; but the Company shall discharge all the now existing obligations and liabilities of the Secretary of State under contracts for the execution of works relating to the construction of the projected railway or any part or parts thereof.

Land, &c.

7. The Secretary of State shall from time to time provide the land which he shall consider requisite for the construction of the projected railway, and for the stations, station yards, offices, warehouses, houses for employes, conveniences and works necessary or proper for the purposes of the same railway, and shall allow the Company to have possession of the land so provided. The Company shall from time to time, with the sanction of the Secretary of State, as soon as practicable, go out of possession of and relinquish to the Secretary of State such of the land of which the Company shall have been allowed possession under this section, as shall for the time being have become unnecessary to be retained possession of by the Company for any of the purposes of this contract. And as often as in the opinion of the Secretary of State it shall appear to be unnecessary that the Company shall retain possession of any particular land of which the Company shall have been allowed possession under this section or of which possession shall have been allowed or delivered to the Company under any other provision in this contract, the Secretary of State shall certify such his opinion to the Company. Upon receipt of such certificate, or so soon thereafter as may be, the Company shall state in writing whether it acquiesces in the opinion of the Secretary of State or whether it objects thereto, and if so, the grounds of its objection. If no objection is stated by the Company, or if the grounds of its objection (if any), are not in the opinion of the Secretary of State sufficient, the Company shall upon the requisition of the Secretary of State go out of possession of the land in question, and the Secretary of State shall be exclusively entitled to possession thereof.

Equipment with Rolling Stock, &c.

8. The Company shall, with all due speed, equip the projected railway, and every part thereof, with rolling stock, plant, and machinery, to the satisfaction of the Secretary of State, and if the Secretary of State shall be of opinion that the Company shall at any time have failed duly to perform its obligations under this section, he may himself from time to time equip or complete the equipment of the projected railway, or any part thereof, with the particulars, or any of the particulars, specified in this section.

Opening of the Lines for Traffic.

9. The Company shall from time to time when and as often as an inspecting officer acting on behalf of the Secretary of State, shall have certified that any part of the projected railway is fit for the conveyance of passengers and goods, and properly equipped with rolling stock, plant, and machinery, forthwith open the same part for public traffic.

Telegraphs.

10. The Secretary of State may from time to time construct such electric telegraphs and telegraphic appliances, as he shall think fit, along or upon the projected railway or any part or parts thereof, or any land or works belonging thereto, and may maintain and work the same electric telegraphs and telegraphic appliances as he shall think fit, and it shall be lawful for him, for such purposes or any of them (in addition to the general powers which it is hereby declared that he shall at all times have of entering by agent or otherwise upon all or any land of which he shall pursuant to this contract have allowed the company to have possession), to enter at all times, by his agents, workmen, or others, on any part or parts of the projected railway, or the lands or works belonging thereto, and to erect, maintain, make, do and execute thereon all such buildings, machinery, works, acts and things as the Secretary of State shall consider necessary or proper in relation to the construction, maintenance, use, and working of the said electric telegraphs and telegraphic appliances. The Secretary of State shall be exclusively entitled to the possession of all buildings, machinery, works, and appliances erected or brought by him under the powers conferred on him by this section on the projected railway, or on any land or works belonging thereto. The company shall at all times furnish the Secretary of State with such free passes over the projected railway or any parts thereof as he shall require for persons employed by him, in or about, or in connection with the construction, maintenance, working, or inspection of the electric telegraphs and telegraphic appliances mentioned in this section, or any buildings or works appertaining thereto.

11. The Secretary of State shall from time to time allow the company to have the exclusive use of any such electric telegraphs and telegraphic appliances as he shall from time to time consider proper to be used by the company for the purpose of safely or efficiently working the projected railway, or any part or parts thereof. The Secretary of State shall maintain and keep in good repair, and in good working condition, the electric telegraphs and telegraphic appliances of which he shall for the time being allow the company the use under this section.

12. The company, if so directed by the Secretary of State, shall, in working any electric telegraphs or telegraphic appliances to the use of which it shall for the time being be entitled under the section last hereinbefore contained, observe the rules for the time being in force in the case of State railway telegraphs, or such of the said rules as the Secretary of State may from time to time prescribe to be observed by the company.

As to the Maintenance and Management of the Projected Railway.

13. The company shall keep the projected railway, and the stations and other works belonging thereto, in good repair, in good working condition, and fully supplied with rolling stock, plant, machinery, and stores to the satisfaction of the Secretary of State, and whenever the Secretary of State shall be of opinion that the company is in any default as to any of the matters before-mentioned in this section, he may in writing notify the fact to the company, specifying in such writing the general nature of the defect, and unless the defect be remedied by the company within one calendar month after the notification thereof by him to the company, may himself remedy it.

14. The company shall keep the rolling stock, machinery and plant for the time being belonging to the projected railway, and to every part thereof, in good repair and in good working condition to the satisfaction of the Secretary of State.

15. The company shall maintain a sufficient staff, to the satisfaction of the Secretary of State, for the purposes of so much of the projected railway as shall for the time being have been opened for public traffic.

16. The Secretary of State may from time to time, by notice in writing, require the company to carry out any alteration, improvement, or addition that

unexpended portion of the capital raised by the Great Southern Company for the purpose of their railways:

And whereas the aggregate amount of the capital which has been raised by the Carnatic Company by the issue of shares or ordinary stock, exclusive of moneys representing premiums paid on the issue of shares or stock, but including and treating as part thereof, and as if the same sum had represented cash of the same amount raised by the issue of stock, the said sum of 60,000 *l.* stock issued as mentioned in the said indenture of the 1st day of March 1870, is the sum of 769,041 *l.* 12 *s.*, and the Secretary of State in Council has agreed to pay to the Carnatic Company during the said term of 999 years interest upon that sum at the rate of 5 *l.* per centum per annum, and besides the said sum of 769,041 *l.* 12 *s.* so as aforesaid raised by the issue of shares or ordinary stock, the Carnatic Company have power under the last-mentioned indenture to raise a further sum of 30,958 *l.* 8 *s.*, which represents a portion of the capital subscribed for, but not yet called up upon 1,759 shares of 20 *l.* each, and the Secretary of State in Council is under the same indenture liable to pay to the Carnatic Company interest on the last-mentioned sum at the rate of 5 *l.* per centum per annum when the same shall have been paid into the Bank of England pursuant to the same indenture:

And whereas the aggregate amount of the capital which has been raised by the Carnatic Company and carried to the account of capital not bearing interest is the sum of 22,200 *l.*:

And whereas a balance of cash is now standing in the Bank of England to the account of the Secretary of State in Council, which balance represents the unexpended portion of the capital raised by the Carnatic Company for the purposes of their railway:

And whereas the aggregate amount of the said sums of 2,367,908 *l.* and 769,041 *l.* 12 *s.*, so as aforesaid represented by shares or ordinary stock in the Great Southern and Carnatic Companies respectively, is the sum of 3,136,949 *l.* 12 *s.*, and the aggregate amount of the said sums of 11,692 *l.* and 30,958 *l.* 8 *s.*, which the Great Southern and Carnatic Companies respectively have as aforesaid power to raise, and which represent uncalled-up capital as aforesaid, is the sum of 42,650 *l.* 8 *s.*, and the aggregate amount of the said sums of 36,000 *l.* and 22,200 *l.*, so as aforesaid carried by the same companies respectively to the account of capital not bearing interest is the sum of 58,200 *l.*:

And whereas application is about to be made to Parliament for an Act to amalgamate the Great Southern Company and the Carnatic Company under the name of the South Indian Railway Company, and a Bill for an Act has been already settled and agreed on, and it is proposed that these presents should be confirmed by the said Act, and that the said Act shall commence on the 1st day of July 1874:

And whereas it has been agreed that the Secretary of State in Council shall co-operate with the amalgamated Company in the construction of the line of railway from Trichinopoly to Tuticorin, so as aforesaid selected, and also of a line of railway from Madras to Tanjore in the manner and upon the terms hereinafter mentioned:

And whereas it is intended that wherever the words "the Company" are used in these presents, they shall mean the amalgamated company, and that wherever the words "the original lines" are used in these presents they shall mean the said lines of railway from Negapatam to Trichinopoly, and from Trichinopoly to Errode, and from the Arconum Junction to Conjeveram, and the telegraphs and works connected therewith respectively, and that wherever the words "the extension lines" are herein used, they shall mean the said projected lines of railway from Trichinopoly to Tuticorin, and from Madras to Tanjore, and the telegraphs and works connected therewith respectively, and that wherever the words "the railway" are herein used, they shall mean and include all the said lines of railway and the telegraphs and works connected therewith respectively:

And whereas the agreement hereby entered into on behalf of the Secretary of State in Council is so entered into with the concurrence of a majority of votes at a meeting of the Council of India:

Now

when on duty, the conveyance of troops and sailors, military and naval establishments, horses, and other animals used for military purposes, guns, military stores and equipments, the conveyance of police, prisoners, and paupers, the conveyance of telegraph stores, instruments, officers and workmen, and of any public stores whatever), shall be performed by the company on the same general conditions as may for the time being be in force on State railways of the metre gauge, and at such rates as may be approved by the Secretary of State. Provided that nothing in this section contained shall be construed to override the provisions contained in section 10 respecting the grant of free passes.

23. The company shall convey gold and silver bullion, and coin, and copper coin belonging to the Secretary of State, and the persons in charge thereof, at special rates, to be from time to time approved by the Secretary of State.

24. The company shall from time to time, if so required, give precedence to the demands of the Secretary of State, whether for freight or passenger accommodation, over all ordinary traffic.

25. All stores intended to be used for any purposes of the projected railway or any part thereof (including stores intended to be used in or about the construction of any part of the projected railway or of any works or adjuncts of or pertaining to the same) shall be conveyed by the company over the projected railway, so far as opened for public traffic, at rates to be approved by the Secretary of State, such rates to be not less than the actual cost of conveyance.

Payments by Company to Government carrying Interest at fixed Rate.

26. The company shall, within such period and by such instalments as the Secretary of State shall prescribe, pay into the Bank of England, to the credit of the Secretary of State, an aggregate sum of 3,000,000 *l.* Provided that the company may discharge itself in part of its obligations to pay the said aggregate sum of 3,000,000 *l.* by paying, with the approbation of the Secretary of State, any sum or sums of money into any Government Treasury in India approved for the purpose by the Secretary of State, and any sum or sums so paid shall be accepted by the Secretary of State as the equivalent of sterling money at the rate of 12 rupees to the pound sterling; the company shall be at liberty from time to time when and as there shall, for the time being, be any amount carrying interest under the provisions hereinafter contained in favour of the Secretary of State, to pay out of its own proper moneys into the Bank of England to the credit of the Secretary of State the equivalent in sterling money (one pound sterling being for this purpose to be treated as the equivalent of 12 rupees) of the whole or any part of such amount. All payments made by the company under this section shall be made out of the proper moneys of the company not paid or payable by it under any section of this contract other than the present section, into the Bank of England, to the credit of the Secretary of State, or into any Government Treasury in India. All moneys paid by the company under this section shall belong absolutely to the Secretary of State, who shall not be deemed a debtor to the company in respect thereof.

Payment of Interest to Company.

27. The Secretary of State will, during the continuance of this contract, out of the revenues of India, pay to the company in India, half-yearly, on the 1st day of June and 1st day of December, the equivalent in rupees at the market rate of the day for bills drawn on London payable on demand of interest at the rate of 3½ per cent. per annum on the amount which shall for the time being have been paid by the company, pursuant to this contract, in respect of the aforesaid sum of 3,000,000 *l.*, and also half-yearly, on the 1st day of June and 1st day of December up to and inclusive of the 1st day of June 1887 (if this contract shall so long continue), the equivalent in rupees at the market rate previously mentioned in this section of further interest at the rate of ½ per cent. per annum on the amount previously mentioned in this section. The Secretary of State shall also, during the continuance of this contract, out of the revenues of India, pay to the company in India half-yearly, on the 1st day of June and 1st day of December, the equivalent in rupees at the market rate previously mentioned

mentioned in this section, of interest at the rate of three per cent. per annum on any amount which, for the time being shall, under the powers conferred on the company by the last preceding section, have been paid by it into the Bank of England to the credit of the Secretary of State in excess of the sum of 3,000,000 *l.*

Payments to Government under Special Agreement.

28. The company may, from time to time, with the approbation of the Secretary of State, out of its own proper moneys not paid or payable by the company into the Bank of England to the credit of the Secretary of State, or into any Government Treasury in India under any section of this contract other than the present section, pay into the Bank of England to the credit of the Secretary of State any sum or sums of money. All moneys which the company shall pay to the credit of the Secretary of State under this section shall belong absolutely to the Secretary of State, and he shall not be deemed a debtor to the company in respect thereof; but he shall, during the continuance of this contract, out of the revenues of India, pay to the company in India an equivalent for interest on all moneys paid by the company under this section. The rate of the interest for which the equivalent is to be paid under this section and the times at which such equivalent is to be paid, shall be agreed between the Secretary of State and the company, and if not otherwise specially agreed the rate shall not in any case exceed $3\frac{1}{2}$ per cent. per annum.

Supply of Money by Government.

29. All moneys which the company shall, with the sanction of the Secretary of State, require, for the purposes of the projected railway, whether as regards construction or working, shall be supplied to the company by the Secretary of State according to such arrangements as shall from time to time be made between the Secretary of State and the company. Provided that the Secretary of State shall, as and when from time to time the balance standing to the debit of the capital account hereinafter mentioned is (inclusive of any balance for the time being standing to the debit of the stores account also hereinafter mentioned) not less in amount than the aggregate amount of the moneys which shall, for the time being, have been paid by the company under the provisions hereinbefore contained, into the Bank of England to the credit of the Secretary of State converted into rupees at the rate of 12 rupees to the pound sterling, and of the moneys (if any) which shall, pursuant to the 26th section of this contract for the time being have been paid by the company into any Government Treasury or Government Treasuries in India in part discharge of the aforesaid sum of 3,000,000 *l.*, have an absolute right of declining to supply money to the company to defray expenditure chargeable to capital account.

Secretary of State's Right to Interest.

30. On every occasion on which, on the making up of the capital account hereinafter mentioned, the balance standing to the debit of that account (inclusive of any balance for the time being standing to the debit of the stores account also hereinafter mentioned), exceeds the aggregate amount of the moneys which shall, for the time being, have been paid by the company, under the provisions hereinbefore contained, into the Bank of England to the credit of the Secretary of State, converted into rupees at the rate of 12 rupees to the pound sterling, and of the moneys (if any) which shall, pursuant to the 26th section of this contract, for the time being, have been paid by the company into any Government Treasury or Government Treasuries in India in part discharge of the aforesaid sum of 3,000,000 *l.*, the excess shall carry interest in favour of the Secretary of State at the rate of $4\frac{1}{2}$ per cent. per annum, to be computed from the time of the ascertainment of the excess until the capital account shall be then next made up.

Receipts of Company.

31. All moneys whatsoever which shall, during the continuance of this contract, be received by or on behalf of the company either in England or in India, and

and whether, on its own account, or as agent of the Secretary of State or otherwise (excepting the moneys which shall be paid to the company by the Secretary of State, pursuant to this contract, excepting also the moneys which shall be paid by holders of shares in the capital of the company in respect of their liability to contribute to the assets of the company in regard to such shares, and excepting also the moneys, if any, which shall be borrowed by the company with the sanction of the Secretary of State) shall at such times and in such manner as the Secretary of State may from time to time direct, be paid without deduction as to moneys received in England by or on behalf of the company into the Bank of England to the credit of the Secretary of State, and as to moneys received in India by or on behalf of the company into a Government Treasury to be from time to time approved for the purpose by the Secretary of State.

32. Of the moneys mentioned in the last preceding section, and not the subject of any exception therein contained, such as shall be received by or on behalf of the company prior to the opening for public traffic of any part of the projected railway, shall be treated as received on account of capital, such also as shall arise from the sale of any property on any occasion other than the replacement of the property sold by other property of the same or a similar character, shall be treated as received on account of capital, the residue shall be treated as received on account of revenue.

Accounts.

33. The company shall keep the following accounts :

- (1.) A capital account.
- (2.) A revenue account.
- (3.) A stores account.

And all such other accounts relating to the projected* railway, and also all such accounts as between the company and the Secretary of State as the Secretary of State shall from time to time require, and if the Secretary of State shall so require, separate accounts shall be kept by the company in respect of different sections of the projected railway. The said accounts shall be kept in such form, and under such heads or divisions, and with such details as the Secretary of State shall from time to time prescribe. The said accounts, so far as the same are kept in India, shall be kept in rupees of the Government of India, and so far as they are kept in England shall be kept in sterling money. Such of the said accounts as are kept in England shall from time to time be transmitted by the Secretary of State to the Government in India, and incorporated in the accounts of the company in India, each account transmitted being for the purpose of such incorporation converted into rupees at the average rate of exchange obtained by the Secretary of State for bills payable on demand drawn on India during the half year immediately preceding that in which the incorporation is to be effected, or if the Secretary of State shall not have drawn bills on India for so much as three months out of the half year immediately preceding, then at the average rate obtained during the half year immediately preceding that in which the incorporation is to be effected for the best commercial bills payable on demand, drawn in London on India, such average rate to be decided by the Comptroller General at Calcutta.

34. In the capital account the following particulars shall be entered to debit and credit respectively, that is to say, To debit :—

(a.) All expenditure by the company in relation to this contract which ought, as between the Secretary of State and the company, to be treated as on account of capital, including such sum as the Secretary of State may allow to be charged in respect of the expenses of and incident to the formation, incorporation, and management of the company.

(b.) The cost of the Secretary of State, as certified by him, of all land of which he shall allow the company to have possession for any purposes of this contract.

(c.) The cost to the Secretary of State, as certified by him, of the said surveys and plans mentioned in the sixth section of this contract, and of any

any such designs and estimates as the Secretary of State may furnish to the company under Section 3 of this contract, including in the cost of the said surveys and plans all costs incurred by the Secretary of State with a view to procuring the same to be made. Also the fair present value, as estimated by the Secretary of State, of the works mentioned in the sixth section of this contract.

(d.) The charges of the Government Telegraph Department for rent, maintenance, and inspection of such electric telegraphs and telegraphic appliances (if any) as the Secretary of State may allow the company to use in relation to the construction of the projected railway, or any part thereof.

(e.) So much as ought, pursuant to this contract, from time to time to be charged to capital in respect of the half-yearly amount to be charged by the Secretary of State under his power in that behalf hereinafter mentioned, for his supervision and control of the company.

(f.) Any amount which the Secretary of State may from time to time require to be entered in the capital account in respect of the cost to him of such of his legal expenses incurred in relation to this contract, or to matters arising out of this contract, as he shall determine to be chargeable to capital.

(g.) The cost to the Secretary of State, as certified by him, of all works, acts, and things, which shall be executed or done by him under any of the provisions of this contract, provided that the cost thereof, if executed or done by the company, would have been expenditure on account of capital.

And to credit—

(h.) The value (to be determined by the Secretary of State) of any land of which possession shall have been allowed by the Secretary of State to the company for the purposes of this contract, and which shall subsequently be relinquished to the Secretary of State under Section 7 hereinbefore contained.

(i.) All such of the moneys to be received by or on behalf of the Company as are herein provided to be treated as received on account of capital.

35. The capital account shall from time to time, as the Secretary of State shall require, be made up, and the balance thereon ascertained and stated therein. The Secretary of State may from time to time audit the capital account, and correct errors therein, as he shall see fit.

36. The revenue account shall contain an account of all such of the moneys to be received by or on behalf of the company, as are herein provided, to be treated as received on account of revenue, and of all expenditure which ought conformably with this contract to be treated as on account of revenue. The revenue account shall be made up half yearly to the 30th of June and the 31st of December in each year, or to such other days as the Secretary of State may from time to time prescribe, and shall be regularly submitted by the company to the Secretary of State, who may audit the same, either concurrently with or after expenditure, or in both ways, as he may think fit, and may in case of error being discovered therein, correct the same within three calendar months after the account containing such error shall have been submitted to him. Every revenue account shall be considered as settled at the expiration of three calendar months after the same shall have been submitted to the Secretary of State, but nevertheless any error which may subsequently be discovered therein shall be corrected in the then next revenue account, or in any subsequent revenue account or accounts, as the Secretary of State may determine.

37. As soon as possible after the 30th of June and the 31st of December in each year, or the respective half-yearly days which the Secretary of State may from time to time prescribe for the making up of the revenue account, the company shall make up and deliver to the Secretary of State an account of all stores in hand on the half-yearly day immediately preceding the making up of the account now being directed, and on all stores which the company shall, for the purposes of fulfilling this contract, have used since as regards the first occasion

occasion of making up an account of stores, the date of this contract and since as regards each other occasion of making up an account of stores, the date to which the stores account was last previously made up showing the purposes for which such stores have been used. As often as any of the stores in hand shall be used by the company for the purposes of fulfilling this contract, the value of the stores so used as entered in the books of the company shall be entered in the capital account, or in the revenue account, as may be proper. The store account shall, besides being made up periodically, as above mentioned, be made up and balanced from time to time upon the requisition of the Secretary of State.

38. The stores in hand shall be valued at such time or times as the Secretary of State shall direct, and in such manner as shall from time to time be agreed upon by the Secretary of State and the company, and the value of the stores in hand as entered in the books of the company, shall be corrected in accordance with such valuation, and all necessary adjustments shall be thereupon made by making entries to debit or credit in the revenue account, as may be proper.

Appropriation of Expenditure.

39 In any case where any question may or might arise as to whether any expenditure incurred in relation to the projected railway or otherwise is to be treated in the whole or in part as a charge on capital account, or how the same is to be dealt with, the question shall be determined on the general principle that capital is to bear the cost of new works of additional rolling stock, plant, and machinery, and of improvements of and additions to old works, rolling stock, plant and machinery, including the cost of any temporary new work the construction of which is requisite for the construction of a work properly chargeable to capital, and that the cost of repairs, restorations, renewals, replacements and substitutions, is to be borne by revenue, except in cases where repairs, restorations, renewals, replacements or substitutions are effected prior to the opening for public traffic of the portion of the projected railway upon or in respect of which the same are effected, in which case the cost thereof is to be chargeable to capital. Provided always, that any item of expenditure incurred in respect to any part which shall have been opened for public traffic of the projected railway (although under the terms in this section before contained in strictness chargeable to capital) shall, from time to time, if not exceeding the sum of 1,000 rupees, and may from time to time, at the absolute discretion of the Secretary of State, if exceeding 1,000 rupees, but not exceeding 2,000 rupees (but so that the aggregate expenditure charged to revenue on account of such last-mentioned items shall not exceed 15,000 rupees in any half year) be charged to revenue. Provided also, that after the opening throughout for public traffic of all the four several lines of railway specified in the 3rd section of this contract no portion of the salaries or allowances of any of the company's permanent supervising staff, although for the time being employed partly or wholly in directing or superintending work, the expenditure on which is properly chargeable to capital, shall, except with the express sanction of the Secretary of State, be treated as chargeable to capital, and also that after the opening throughout for public traffic of the whole of the four several lines of railway last aforesaid, no expenses connected with the engagement from England or with the passage from or to England of any person in the company's service, shall be treated as chargeable to capital unless such person shall be specially engaged to carry out work the cost of which is expenditure so chargeable, and shall be actually employed upon such work. Nevertheless, the cost of construction of any of the lines mentioned in the 48th section of this contract shall be borne by capital to the same extent and in the same manner as if the proviso last hereinbefore contained had not been inserted in this contract.

40. If any difference shall arise between the Secretary of State and the company as to whether expenditure shall in any particular case be charged to capital or charged to revenue the matter in difference shall, unless according to the terms of the section last hereinbefore contained, to be solely decided or determined by the Secretary of State, be referred to the decision of the joint auditor, if the Secretary of State and the company shall have appointed such an officer, but in case a joint auditor shall not have been appointed then the matter in difference shall be referred for final decision to the company's auditor or some other

other person to be named by the company and a Government examiner of railway accounts, or some other person to be named by the Secretary of State, or to an umpire to be named by the referees acting on behalf of the company and the Secretary of State respectively in case of difference between such referees. The costs of any reference under this section shall, unless the Secretary of State shall otherwise direct, be treated as working expenses.

Working Expenses.

41. All costs and expenses incurred by the company, with the sanction of the Secretary of State, in or about or in connection with the maintenance, management and working of the projected railway, so as the expenditure be not incurred prior to the opening of some part thereof for public traffic, shall be deemed working expenses. All working expenses shall be chargeable to revenue.

In the working expenses there shall be included :—

(1.) Such sum or sums of money as shall from time to time be agreed upon between the Secretary of State and the company as proper to be allowed in respect of the rent of the company's office in London, office expenses, directors' fees and salaries of clerks and servants, except so much (if any) of the sum or sums mentioned in this sub-section as the Secretary of State shall especially determine to be chargeable to capital.

(2.) The costs of and incidental to the preparation of the returns and statistics mentioned in the 58th section of this contract.

(3.) So much of the cost of providing and maintaining a police force agreeably to this contract as is not under the terms of this contract to be borne by the Secretary of State as part of the general expenditure of the Government of India.

(4.) All expenditure incurred by the company with the sanction of the Secretary of State or by the Secretary of State in keeping so much of the projected railway as shall have been opened for public traffic and the stations and other works belonging thereto in good repair and in good working condition, and supplied with rolling stock, machinery and plant, except such part, if any, of the expenditure mentioned in this sub-section as shall be properly treated as chargeable to capital.

(5.) All expenditure incurred by the company with the sanction of the Secretary of State or by the Secretary of State in keeping the rolling stock, machinery, and plant belonging to so much of the projected railway as shall have been opened for public traffic in good repair and in good working condition.

(6.) All expenditure incurred by the company with the sanction of the Secretary of State or by the Secretary of State in the execution of any works of which the cost shall be chargeable to revenue.

(7.) So much as ought, pursuant to this contract, from time to time to be charged to revenue in respect of the half-yearly amounts to be charged by the Secretary of State under his power in that behalf hereinafter mentioned for his supervision and control of the company.

(8.) The charges of the Government Telegraph Department for rent, maintenance, and inspection of the telegraphs and telegraphic appliances from time to time provided under the 11th section of this contract for the use of the company.

(9.) All reasonable legal expenses, whether incurred by the Secretary of State or by the company, and all such other expenses as the Secretary of State shall require or allow to be treated as working expenses.

As to the Application of Receipts.

42. Of the moneys to be received by or on behalf of the company in each half-year during the continuance of this contract, such as are pursuant to this contract to be treated as received on account of revenue shall be applied in the

first place in or towards the discharge of expenditure attributable to revenue as follows, that is to say,—

(1.) Primarily, in or towards the discharge of expenditure attributable to the half year to which the receipts relate ; and

(2.) Secondly, in or towards the discharge of expenditure attributable to any previous half-year or half-years, and not already discharged out of receipts on account of revenue ; and

(3.) In the next place, in payment to the Secretary of State, so far as the same will extend, of the interest accrued in his favour under the provisions hereinbefore contained, and not previously paid to him ; and

(4.) In the next place, in payment of such sum as shall from time to time be payable by the company to or for the purposes of any provident institution which shall be established by the company in connection with the projected railway ; and

(5.) The surplus, if any, shall be dealt with as follows (that is to say), up to the 30th day of June 1887, shall belong absolutely to the Secretary of State, and as from that day shall be divided between the Secretary of State and the company, in the proportion of three-fourths to the former, and one-fourth to the latter, and the one-fourth belonging to the company shall be paid over to the company in India :

Provided that if one equal fourth part of the surplus attributable to any half-year prior to or ending with the 30th day of June 1887 shall exceed one-eighth part of the aggregate equivalent of interest paid under the provisions hereinbefore contained by the Secretary of State to the company in the same half-year, in respect of so much of the aforesaid sum of 3,000,000 £. as shall then have been paid by the company pursuant to this contract, then and so often as the same shall happen, the company shall be entitled to the amount of the excess, and the Secretary of State shall pay the same amount to the company in India.

As to Running Powers and other Facilities and Accommodation for other Railway Companies and State Railways.

43. The Secretary of State may from time to time require the company to allow the use of the projected railway or any part or parts thereof, for the passage of engines and trains belonging to other railway companies or to State railways, upon the payment of reasonable tolls, and under reasonable conditions and restrictions.

44. The Secretary of State may from time to time require the company to supply other railway companies or State railways, upon reasonable terms and conditions, with any of the rolling stock appropriated or belonging to the projected railway or any part or parts thereof, provided such rolling stock shall not for the time being be required for the purposes of any part of the projected railway.

45. The Secretary of State may from time to time require the company to execute work in its workshops in respect of rolling stock and machinery belonging to State railways at such reasonable prices and upon such terms as shall be agreed upon between the Secretary of State and the company, but so, nevertheless, as not to impede or unduly interfere with the ordinary operations of the company as carried on therein.

46. The Secretary of State may from time to time require the company to make reasonable arrangements for the interchange of traffic and rolling stock with railways belonging to other companies or to the State.

47. The Secretary of State may from time to time require the company to allow the use of any of the stations belonging to the projected railway for the accommodation of the traffic of any other railway company or State railway, upon the payment of reasonable tolls, and under reasonable conditions and restrictions, and may also require the company to make such alterations and additions as may in the opinion of the Secretary of State be necessary or convenient

venient for the purposes of such accommodation, upon such terms as may be agreed upon between the Secretary of State and the company.

As to the Construction of Extensions.

48. The Secretary of State may at any time or times during the continuance of this contract, unless and until he shall under the provisions hereinafter contained have given notice to the company of the determination by him of this contract, require the company to construct all or any of the following lines of railway, that is to say :—

(1.) An extension from Belgaum to join the Great Indian Peninsula Railway at or east of Poonah.

(2.) A branch to Karwar.

(3.) A branch to Hurrihar.

And as from the time when and as often as the Secretary of State shall, under this section, have required the company to construct any of the lines of railway last aforesaid, the company shall, in addition to its other obligations and liabilities, be under all such obligations and liabilities as it would have been subject to under this contract if the line or lines of railway under this section required to be constructed had by the 3rd section of this contract been provided to be constructed in addition to the lines of railway in such section specified. And all the provisions of the 3rd section of this contract shall apply *mutatis mutandis* in respect of any line or lines of railway which shall under this section be required to be constructed: Provided that if the Secretary of State shall require the company to construct a branch to Karwar, the company shall have the benefit of an existing survey made on behalf of the Secretary of State of a line of railway from Karwar to Hubli: Provided also, that if and as often as the Secretary of State shall at the time when he shall require the company to construct any extension or branch mentioned in this section, have caused any surveys or plans to be made (other than the surveys before mentioned in this section) or works to be executed with the view of facilitating or expediting the construction of the same extension or branch, he shall allow the company to have the benefit of the same surveys, plans, and works respectively; and upon the company becoming entitled under this section to the benefit of the existing survey in this section mentioned, or of any other surveys or any plans or works, the cost to the Secretary of State (as certified by him) of the survey or surveys, plans, or works, to the benefit whereof the company shall from time to time become entitled under the provisions of this section (including as regards all surveys and plans the cost to the Secretary of State of procuring the same to be made) shall be entered to debit in the Capital Account.

Construction, Acquisition, and Working of Auxiliary or Branch Railways.

49. The Secretary of State may require the company, on such terms and conditions as shall be agreed upon between himself and the company, in each case to construct or acquire, either absolutely or on lease for a term of years or otherwise, any railway on the metre gauge convenient to be worked as auxiliary to or in connection with the projected railway or any part of it, and to work on such terms and conditions as may in each case be agreed upon between the Secretary of State and the company any railway so constructed or acquired as mentioned in this section or any other railway on the metre gauge convenient so to be worked as auxiliary to or in connection with the projected railway or any part of it.

The Company to comply with the Requirements of the Secretary of State.

50. The company shall, with all reasonable speed, comply with all such requirements as the Secretary of State shall from time to time make, in accordance with this contract.

As to the Supervision and Control of the Secretary of State and the Appointment of a Government Director.

51. In all matters not herein specially provided for relating to the fulfilment and performance by the company of this contract, so far as to be fulfilled or performed by the company, the company shall be subject to the supervision and control of the Secretary of State. The Secretary of State shall be entitled to make a charge half-yearly for his supervision and control of the company. The said half-yearly charge shall be a mileage rate of 40 rupees for every mile of the projected railway, so far as the time being either constructed or under construction. The half-yearly charge to be made by the Secretary of State under this section shall be charged to capital so far as made prior to the opening for public traffic of any part of the projected railway, and as from the time when any part of the projected railway shall have been opened for public traffic until the whole thereof shall have been so opened, the half-yearly charge under this section shall from time to time be apportioned between revenue and capital in such manner as that so much of the half-yearly charge as bears the same proportion to the entirety thereof as the length of railway opened for public traffic at the time when the half-yearly charge is made, bears to the whole length of railway on which the same charge is to be calculated, shall be charged to revenue, and that the residue thereof shall be charged to capital. As from the time when the whole of the projected railway shall have been opened for public traffic, the half-yearly charge to be made by the Secretary of State under this section shall be charged to revenue exclusively.

52. For the purpose of inspecting the railways and works to be executed by the company under this contract, either whilst under construction, or subsequently, and of inspecting the projected railway, and the stations and other works, rolling stock, plant, machinery, and stores to belong thereto, and the electric telegraphs and telegraphic appliances for the time being provided under this contract for the use of the company, and for the purpose of auditing the accounts of the company, or otherwise exercising such supervision and control as are intended to be reserved to the Secretary of State by this contract, the Secretary of State may from time to time appoint such person or persons as he may think proper, with such powers as he may consider necessary or expedient, and the company shall afford every person so appointed all reasonable facilities for the purpose of enabling him to perform the duties entrusted to him by the Secretary of State.

53. The company shall record and keep in proper books full and particular accounts of all its transactions and proceedings, including full and true minutes of all its meetings, meetings of directors, communications with India, and correspondence, so as at all times to exhibit fully and truly the state of its affairs, and the Secretary of State, or any person or persons appointed by him in that behalf, shall at all reasonable times have free access to all the books, accounts, papers, and documents of the company, with power to call for and make copies of, or extracts from the same.

54. The Secretary of State may from time to time appoint any one person to be a director of the company. The Government director shall be *ex officio* a member of all committees appointed by the board of directors of the company, or by the company in relation to the projected railway, or any matter connected therewith, and he may moreover exercise at his discretion an absolute veto in all proceedings whatever at the board of directors. The Government director shall not be removable except by the Secretary of State. The Secretary of State may from time to time, as often as occasion shall require, appoint a person to represent the Government director at any meeting of the board of directors, or at any committee meeting at which the Government director may not be present, and the person so appointed shall have all such rights, and may exercise all such powers as the Government director, if present, would have had, or might have exercised.

Miscellaneous Provisions.

55. The company shall not during the continuance of this contract, without the sanction of the Secretary of State in writing first obtained, engage in or carry on any business other than the business provided by this contract to be carried on by the company, or borrow any money or increase or reduce its capital.

56. The company shall not during the continuance of this contract, alter, vary, or add to its articles of association without the sanction of the Secretary of State.

57. The company shall not during the continuance of this contract, without the sanction of the Secretary of State in writing first obtained, acquire any property in India. If the company shall, in contravention of this section, acquire any property, such property shall not be disposed of by the company without the sanction in writing of the Secretary of State, and the Secretary of State may at any time during the continuance of this contract, or within one calendar month after the determination thereof, purchase such property from the company at the price actually paid by the company for the same, and if the purchase money shall be paid to the company during the continuance of this contract, the expenditure shall be carried to capital account.

58. The company shall from time to time make such returns and furnish such statistics in such form, and under such heads and divisions, and with such details as the Secretary of State may from time to time require. The cost of preparing such returns and statistics, and incidental thereto, shall be treated as part of the working expenses of the projected railway.

59. The Secretary of State shall promote the passing by the Legislature in India of any Act or Acts which may be required to enable the company to carry into effect this contract.

60. No claim shall be made upon the Secretary of State by the company for compensation in respect of any act of the Indian Legislature of general applicability by reason of its prejudicially affecting the projected railway or the profits thereof.

61. The company may, if it shall think it expedient, and shall if required by the Secretary of State at any time after the opening for public traffic of any part of the projected railway, maintain and manage a provident institution, and a savings bank for the benefit of the servants of the company, upon such terms and under such rules and regulations as shall from time to time be approved by the Secretary of State.

62. The Secretary of State may at any time after the whole of the four several lines of railway specified in the 3rd section of this contract shall have been opened throughout for public traffic, require the company to establish and maintain out of contributions from revenue, and on terms to be agreed upon between the Secretary of State and the company, reserve funds for the purposes of insuring property, whether appropriated to the projected railway, or in the custody of the company as common carriers, or in any other capacity against damage by fire, and of making good deteriorations of permanent way and rolling stock.

63. Any notice, determination, decision, direction, requirement, requisition, appointment, certificate, or expression of opinion, approval, or sanction to be given or signified on the part of the Secretary of State for any of the purposes of or in relation to this contract, or any of the powers or provisions herein-contained shall be sufficient and binding, if in writing, signed by the Secretary of State, or one of his under secretaries, or by a secretary of the Government of Bombay, or by any other officer or servant authorised to act on behalf of the Secretary of State in respect of the matters to which the same shall relate, and the Secretary of State shall not in any case be bound in respect of any of the matters aforesaid, unless by some writing signed in the manner before mentioned in this section.

64. The company shall at all times during the continuance of this contract keep an office established at some place in India, to be determined from time to time by the Secretary of State, and shall keep at the said office an authorised agent, or committee of agency, with whom the Secretary of State, and the Government of India, or other officer or officers deputed in that behalf, may communicate on affairs concerning this contract, and the duties and liabilities of the parties hereto under this contract, and all drafts drawn and receipts given by the said agent, or committee of agency, or under his or their authority on behalf of the company in relation to this contract, or any of the duties or liabilities of the company under this contract, shall be binding on the company, and every notice to be given to the company (save any notice with respect to the determination of this contract as hereinafter provided) shall be sufficiently given if left at the said office, or personally served on the said agent, or any member of the said committee of agency.

As to the Termination and Expiration of the Contract and Repayments to Company.

65. The Secretary of State may determine this contract, either on the 30th of June 1907, the 30th of June 1917, or the 30th of June 1927, on giving to the company in London not less than 12 calendar months' previous notice in writing of such determination. The Secretary of State may also, if default shall be made by the company in duly paying the aforesaid sum of 3,000,000 £., or any instalment thereof, pursuant to this contract, or in the construction and completion in conformity with this contract of the projected railway, or any part thereof, and the stations and other works thereof, or in the due equipment, pursuant to this contract, of the projected railway, or any part thereof, with rolling stock, machinery, or plant, or in case there shall be any breach on the part of the company of any of the provisions of this contract, or in case at any time after the whole of the four lines of railway specified in the third section of this contract shall have been opened throughout for public traffic, the projected railway, or any part thereof, shall in the opinion of the Secretary of State be in course of gross mismanagement by the company, or be worked at a loss, and have been so worked for not less than three half years continuously up to the time of the exercise by the Secretary of State of the powers now being conferred on him, determine this contract by giving to the company in London six calendar months' previous notice in writing of such determination. The company may determine this contract on the 30th of June 1888, or on the 30th of June in any subsequent year, on giving to the Secretary of State not less than 12 calendar months' previous notice in writing. Upon the day on which this contract shall expire by efflux of time, or terminate under any notice given by the Secretary of State or by the company under this section, the company shall deliver to the Secretary of State possession of all land of which he shall have allowed the company possession under or for the purposes of this contract (except only such lands as may previously have been already re-delivered to him or sold with his sanction), together with the stations, station-yards, offices, warehouses, houses for employés, conveniences, rails, machinery, fixtures, and plant then erected or being on the land to be delivered up under this section, or in anywise belonging to the projected railway, or any part thereof, and also deliver to the Secretary of State possession of any office in England of the company, and deliver to the Secretary of State all rolling stock, moveable machinery, and plant, belonging or appropriated, either as regards purposes of construction or working, or otherwise, to the projected railway, or any part thereof, or any of the works or adjuncts thereof, and all stores in hand or in course of delivery on that day, and all plans, books, surveys, sections, printings, writings, and documents, whatsoever, in anywise connected with or with the construction of the projected railway, or any part thereof, or any of the works or adjuncts thereof, and any electric telegraphs, telegraphic appliances, and other property belonging to the Secretary of State, and then in the possession of the company, in reference to this contract, including all furniture and tenants' fixtures appropriated to the office in England of the company. The company will also on the day on which this contract shall so expire or terminate as last above mentioned, refund to the Secretary of State any money belonging to the Secretary of State which shall then be under the control or in the hands of the company, or any of its officials or agents, and the Secretary of State shall be bound to indemnify

the company, its property and effects, against all such then existing debts and liabilities (if any) incurred by the company with the sanction of the Secretary of State in relation to this contract, as would but for the expiration or termination of this contract have had under this contract to be fulfilled or discharged by the company at cost which would under this contract have been properly charged to capital or revenue. The company, if required by the Secretary of State, shall at any time after possession of any office in London of the company shall have been under this section delivered to the Secretary of State, execute at the cost of the Secretary of State, to any person nominated in that behalf by him, a proper assignment or assurance of the office last aforesaid.

66. The termination of this contract under the section last hereinbefore contained, whether the notice under which the same shall terminate shall have been given by the Secretary of State, or by the company, shall be without prejudice to the rights of either party against the other in respect of any covenant herein contained which may have been broken previously to the termination of this contract.

67. All land of which the Secretary of State shall allow the company to have possession for any of the purposes of this contract, and everything to be constructed thereon, and all rails, plant, machinery, rolling stock, stores, fixtures, and implements of every description acquired by the company for the purpose of constructing, maintaining, equipping, keeping up the equipment of or working the projected railway or any part thereof, or any stations, station-yards, offices, warehouses, houses for employes or works upon any land of which the Secretary of State shall so allow the company to have possession as aforesaid, or for any other purposes of the projected railway, are hereby declared to be respectively the property of the Secretary of State. The company shall not be entitled to any remuneration from the Secretary of State in respect of its services under this contract.

68. At the expiration of this contract, by efflux of time, unless this contract shall have previously been determined under the provisions herein contained, or if this contract shall be so previously determined, then upon the day appointed for termination of this contract by the notice which shall determine the same, the Secretary of State shall at his option, out of the revenues of India, either pay to the company in London an amount equal to the amount which shall then have been paid by the company, conformably with this contract, in respect of the said sum of 3,000,000 *l.*, and also an amount equal to the aggregate of any such sum or sums of money (other than in respect of the said sum of 3,000,000 *l.*, or any part or parts thereof), as shall have been paid by the company into the Bank of England to the credit of the Secretary of State under the 26th and 28th sections of this contract, or under either of such sections or out of the revenues aforesaid, pay to the Company in India the equivalent in rupees at the market rate of the day for bills drawn on London payable on demand of the aggregate of the amounts which if the Secretary of State had exercised his option under this section of making payment in London would under this section have been payable by him to the company in London.

Arbitration.

69. If any dispute, question, or controversy, shall at any time arise between the Secretary of State and the company, touching this contract, or any clause or thing herein contained or the construction hereof, or any matter connected with this contract, or the operation of the same, or the rights, duties, or liabilities of either party in relation to the premises, then and in every such case the matter in difference shall be referred to two arbitrators or their umpire, pursuant to and so as with regard to the mode and consequences of the reference, and in all other respects to conform to the provisions in that behalf contained in the Common Law Procedure Act, 1854, or any subsisting statutory modification thereof, and upon every such reference the arbitrators and umpire shall respectively have power to examine witnesses upon oath or affirmation, and either to fix, settle, and determine the amount of costs of the reference and award respectively, or incidental thereto, to be paid by both parties or by either party, or to direct the same to be taxed, either as between solicitor and client

client or otherwise, and to direct and award where and by and to whom such costs shall be paid, and every or any such reference may be made a rule of Her Majesty's High Court of Justice, or of the High Court of Judicature at Bombay, on the application of the Secretary of State or of the company, and either the Secretary of State or the company may instruct counsel to consent thereto for the other party.

In witness whereof, Lieutenant General Richard Strachey, Companion of the Most Exalted Order of the Star of India, and Andrew Cassels, Esquire, being two Members of the Council of India, have hereunto set their hands and seals, and "The Southern Mahratta Railway Company, Limited," have hereunto caused their common seal to be affixed the day and year first above written.

Signed, sealed, and delivered by the above-named Lieutenant General Richard Strachey and Andrew Cassels, Esquire, being two Members of the Council of India, in the presence of

Hy. Treasure,
India Office, S.W.,
Solicitor.

R. STRACHEY.

L. S.

ANDREW CASSELS.

L. S.

The common seal of the Southern Mahratta Railway Company, Limited, was hereunto affixed in the presence of

Henry Green - } Directors.
Fred Francis - }



(Countersigned)

Edw. L. Thornton, Secretary.

CONTRACT between the SECRETARY of STATE for INDIA in Council and the ROHILKUND and KUMAON RAILWAY COMPANY, dated 12th October 1882.

THIS INDENTURE, made the 12th day of October 1882, between the SECRETARY OF STATE IN COUNCIL OF INDIA, of the one part, and the ROHILKUND and KUMAON RAILWAY COMPANY, LIMITED, of the other part, Witnesseth, and it is hereby agreed and declared as follows :—

Interpretation of Terms.

1. In this contract the expression "the Secretary of State" means the Secretary of State in Council of India. The expression "the Company," means the company party to these presents. The expression, "the earnings of the company" means the gross moneys to be derived by any means by or on behalf of the company from, or in respect of its general undertaking contemplated by this contract, so far as existing from time to time (except share and borrowed capital, and so much of the said gross moneys derived as aforesaid as ought to be attributed to capital account), and except any moneys to be paid by the Secretary of State to the company under the 39th section of this contract, and includes the gross moneys to be derived by the company from the working of traffic over the road mentioned in the 34th section of this contract, and from under or by means of any contract which shall be made by the company with any person or other company for the working by such person or company of traffic over the said road, and from the working by the company of any telegraphs

graphs or telegraphic appliances of which the Secretary of State shall for the time being allow, the Company the use, and also includes all payments to be made by the Secretary of State to the Company for services to be performed by the Company for him, and all moneys to be paid by him to the Company under the 29th and 51st sections of this Contract.

Duration of Contract.

2. This Contract shall, unless previously determined under provisions for that purpose hereinafter contained, terminate on the 31st day of December 1981 by efflux of time.

Construction of Line.

3. The Company shall, by the 1st day of January 1885, on the Secretary of State, at the reasonable request of the Company, duly providing the land requisite for the purpose, construct and open for public traffic a single track line of railway from a point on the Pilibhit State Railway near Bareilly in the North-Western Provinces of India (the point to be fixed by the Secretary of State) to Katgodam, a distance of about 62 miles, together with all such stations, station-yards, offices, warehouses, houses for employes, machinery conveniences and works, as shall be necessary or proper for the purposes of the said line of railway, either as regards the due working of the same, or as regards the permanence of the same, and the protection of the same from destruction or injury by inundation, tempest, or otherwise. The said line of railway (hereinafter referred to as "the projected railway") shall be of the metre gauge, and shall in general structural character conform with the now existing standard of the State railway from Cawnpore to Farrukhabad.

Route of Railway.

4. The projected railway shall, as far as reasonably practicable, follow the route of the existing public road from Bareilly to Katgodam, and may to such extent as the Secretary of State shall sanction, and subject to such conditions as he shall prescribe, be constructed on such road and pass over the bridges and culverts thereof. Subject to the preceding provisions of this section, the Secretary of State shall determine the route of the projected railway, and notify to the Company such route, so far as the same shall from time to time have been determined by him.

Situation of Stations, &c.

5. The Secretary of State shall have power to determine the situation and dimensions of all stations, station-yards, offices, warehouses, houses for employes, conveniences, and works to be constructed in connection with or as part of the projected railway, and may require any part of the line or works to be properly fenced.

Land, &c.

6. The Secretary of State shall at the reasonable request of the Company from time to time provide, free of cost to the Company, except so far as is stipulated by section 8 of this contract, the land requisite for the purposes of the projected railway, and for the stations, station-yards, offices, warehouses, houses for employes, conveniences and works of the same railway, and for purposes connected with the working by the Company of traffic over the road to be constructed under the 34th section of this Contract, and shall give to the Company possession of the land so provided. The Company shall be entitled to possession until and inclusive of the 31st day of December 1981, unless this contract shall be previously determined under the provisions hereinafter contained, or if this Contract shall be so previously determined, then until the day on which this Contract shall terminate, of such of the land of which the Secretary of State shall

shall give to the Company possession under the provisions of this Contract as shall be permanently required for the purposes of the projected railway, and the Secretary of State will guarantee as against all claimants the possession of the land by the Company, but shall not be required to show any title thereto. Provided that nothing in this section contained shall be construed to exonerate the Company from its obligations under the next following section hereof, or to deprive the Secretary of State of any power conferred on him by that section.

7. The Company shall from time to time, upon the requisition of the Secretary of State, re-deliver possession to him of any such of the land of which he shall have given possession to the Company for any purposes connected with the projected railway, or with the working by the Company of traffic over the road mentioned in the last preceding section as shall not be necessary to be retained permanently or temporarily by the Company for any purposes connected with this Contract.

8. The Company shall, from time to time, on demand by the Secretary of State, pay to him the cost price to him, as certified by him, of any such of the land from time to time provided by him under the provisions hereinbefore contained, as shall be hereafter purchased by him. All amounts becoming payable to the Secretary of State under this section shall be paid into such Government Treasury in India as the Secretary of State shall from time to time appoint for the purpose. Provided that as and when possession of any land for which the Company shall have paid to the Secretary of State, the cost price shall under the last preceding section be re-delivered to the Secretary of State, he shall repay to the Company the cost price to him thereof. All land provided by the Secretary of State under the stipulations of this Contract shall, whether provided at his cost or that of the Company, be and continue the property of the Secretary of State, subject only to such right of possession and user thereof by the Company as the Company may be entitled to under this Contract.

Timber and Forest Produce.

9. Subject to such conditions as the Secretary of State may prescribe as to the boundaries of the forest tracts concerned, and as to the description of trees and other produce to be cut and removed, and as to the rules to be observed in cutting and removing trees and other produce, the Secretary of State will allow the Company to cut down in, and remove from, the Bhabar and Tarai forests, conveniently situated for the purpose, timber sufficient for the sleepers required for the original construction of the projected railway, and firewood required for the use of the Company as fuel. The Company is to make no payment for the timber taken by it under this section for sleepers, but in respect of the firewood is to pay annually to the Secretary of State 100 rupees in lieu of forest dues.

Equipment with Rolling Stock, &c.

10. The Company shall equip the projected railway with rolling stock, plant and machinery, to the satisfaction of the Secretary of State. The rolling stock on the opening of the line throughout for public traffic shall, unless it shall be otherwise agreed by the Secretary of State, consist of not less than five engines, 36 passenger vehicles, and 139 goods waggons and miscellaneous vehicles.

Opening for Traffic.

11. The Company may from time to time, as often as an inspecting officer acting on behalf of the Secretary of State shall certify that any portion of the projected railway is fit for the conveyance of passengers and goods, and properly equipped with rolling stock, plant and machinery, open the same portion for public traffic, and shall, when and so soon as an inspecting officer so acting as aforesaid shall have certified that the whole of the projected railway is complete and fit for the conveyance of passengers and goods, and properly equipped with rolling stock, plant and machinery, open the projected railway throughout for public traffic so far as then not open for that purpose.

Access to and Use of Bareilly Terminus and Pilibhit State Railway.

12. The Secretary of State shall by the 31st day of December 1883, construct the terminal station of the Pilibhit State Railway at Bareilly with all needful connexions with the Bareilly Station of the Oudh and Rohilkund Railway, and also that portion of the Pilibhit Railway which extends from the said terminal station to the point near Bareilly at which the projected railway commences, and the Company shall, from and after the 31st day of December 1883, subject to such regulations and to such payments as the Secretary of State shall from time to time, conformably with this section, prescribe, have access for its trains over the aforesaid portion of the Pilibhit Railway to the said terminal station of the Pilibhit Railway in Bareilly, with such accommodation for the trains and traffic of the Company in the terminal station last aforesaid as the Secretary of State shall consider sufficient for the purposes of the Company. The payments for the use of the said railway and station shall commence from the date of the opening of the projected railway throughout for public traffic, or from the 1st day of January 1885, whichever date shall first arrive. In no case shall a larger annual sum than 11,250 rupees be payable by the Company for the sole or other use of the terminal station and approach mentioned in this section, and subject to this qualification, the payments to be made by the Company under this section shall not in respect to any such periods as the Company shall have the sole use of the terminal station and approach mentioned in this section, exceed the sums to which interest would amount if calculated during the corresponding periods, at the rate of $4\frac{1}{2}$ per cent. per annum on the aggregate cost to the Secretary of State as stated by him of the construction of the terminal station and approach last aforesaid, and shall not during any other periods exceed amounts bearing the same proportion to the maximum amount which might have been charged to the Company had it had the sole use during those periods of the terminal station and approach mentioned in this section as the Company's traffic for the time being, using the same station and approach bears to the aggregate traffic for the time being using the same.

Telegraphs.

13. The Secretary of State may from time to time construct such electric telegraphs and telegraphic appliances as he shall think fit, along or upon the projected railway, or any part or parts thereof, or any land or works belonging thereto, and may maintain and work the same electric telegraphs and telegraphic appliances as he shall think fit, and it shall be lawful for him, from time to time, to erect, maintain, make, do, and execute on any part or parts of the projected railway, or on any land or works belonging thereto, all such buildings, machinery, works, acts and things as he shall consider necessary or proper in relation to the construction, maintenance, use, and working of the said electric telegraphs and telegraphic appliances. The Company shall at all times furnish the Secretary of State with such free passes over the projected railway, or any part or parts thereof as he shall require, for persons employed by him in or about or in connection with the construction, maintenance, working, or inspection of the electric telegraphs and telegraphic appliances mentioned in this section, or any buildings or works appertaining thereto.

14. The Secretary of State shall from time to time allow the Company to have the exclusive use of any such electric telegraphs and telegraphic appliances as he shall from time to time consider proper to be used by the Company for the purpose of safely or efficiently working the projected railway, or any part or parts thereof, and shall keep the same electric telegraphs and telegraphic appliances in good repair and in good working order and condition, and the Company shall, from time to time, upon demand, pay into such Government Treasury, in India, as shall from time to time be appointed for the purpose by the Secretary of State, the amount which the Secretary of State shall from time to time require the Company to pay in respect of the charges made from time to time by the Government Telegraph Department, for rent, maintenance, and inspection of the electric telegraphs and telegraphic appliances, of which the
Secretary

Secretary of State shall from time to time have allowed the Company the exclusive use. All amounts paid by the Company, under the stipulation last hereinbefore contained, shall be included amongst working expenses.

15. The Company, if so directed by the Secretary of State, shall in working any electric telegraphs or telegraphic appliances, of which it shall for the time being be allowed the exclusive use under the last preceding section, observe the rules as to working telegraphs and telegraphic appliances for the time being in force in the case of State Railway Telegraphs, or such rules as the Secretary of State may from time to time prescribe for the Company's observance, and if so directed by the Secretary of State shall account in such manner as shall be prescribed by the rules for the time being in force in the case of State Railway Telegraphs, or as the Secretary of State shall require, for the receipts derived from the working of electric telegraphs and telegraphic appliances.

As to Maintenance and Management of the projected Railway.

16. The Company shall keep the projected railway, or so much thereof as shall for the time being have been opened for public traffic, and the stations and other works belonging thereto, in good repair, in good working condition, and sufficiently supplied with rolling stock, plant, machinery, and stores.

17. The Company shall, to the satisfaction of the Secretary of State, and at its own cost, keep in good order, and in a condition suited to the use of ordinary-wheeled and other traffic, all bridges and culverts on the aforesaid road, from Bareilly to Katgodam, over which the projected railway shall pass, including the bridge over the Kitcha river, and shall further pay into such Government Treasury in India, as the Secretary of State shall from time to time appoint for the purpose, the sum of 330 rupees yearly, in consideration of work done by the Government for the improvement of the bridge last aforesaid.

18. The Company shall keep the rolling stock, machinery, and plant for the time being belonging to the projected railway, and to every part thereof, which shall for the time being have been opened for public traffic, in good repair and in good working condition.

19. The Company shall maintain a sufficient staff for the purpose of working the projected railway, or so much thereof, as shall for the time being have been opened for public traffic.

20. The projected railway, and all the stations and other works, rolling stock, fixed and moveable machinery and plant, from time to time belonging thereto, shall at all times be open to inspection by any officer or officers acting on behalf of the Secretary of State, and the Company shall afford to every such officer all such facilities as he shall reasonably require, to enable him to inspect any of the particulars open to inspection under this section.

21. Whenever any duly authorised inspecting officer, acting on behalf of the Secretary of State, shall report to the Government of India that in his opinion the use of the projected railway, or of any particular part thereof, will be attended with danger to passengers, the projected railway, or the part thereof referred to in the report, as the case may be, shall upon the requisition of the Government of India be forthwith closed, so far as regards the conveyance of passengers, and shall not be re-opened for that purpose, unless and until such an inspecting officer as last above mentioned shall have subsequently inspected the projected railway, or as the case may be, the part thereof for the time being closed, and have certified the projected railway, or as the case may be the part thereof for the time being closed, to be fit and safe for the conveyance of passengers.

22. The Secretary of State may from time to time prohibit the Company from using any engine, carriage, waggon, vehicle, machine, or appliance of any description whatsoever, of which the use shall be declared by a duly authorised inspecting officer, acting on behalf of the Secretary of State, to be attended with danger to passengers or to the public, and the Secretary of State may, by taking into his custody such engine, carriage, waggon, vehicle, machine, or appliance,

or by such other means as he shall think fit to employ, prevent the Company from using the same.

23. The Secretary of State may from time to time after the projected railway shall have been opened throughout for public traffic, by notice in writing, require the Company to carry out any reasonable alteration, improvement, or addition that may in his opinion be necessary for the safety of passengers or of the public, or for the safe working of the railway to be made in or to any part of the projected railway, or any of the stations or works belonging thereto. Such notice shall specify the alteration, improvement, or addition required, and shall also in general terms describe the works to be executed for the purpose of effecting the same. On receiving any such notice, the Company shall with all reasonable speed execute the works described therein, the Secretary of State providing and giving the Company possession of any land that may be requisite for the purpose of such works. The land so soon as in the possession of the Company to be as between the Secretary of State and the Company, subject as nearly as may be to the stipulations and provisions to which it would have been subject under this contract had it been land, of which possession was given to the Company by the Secretary of State for the original construction of the projected railway, or of works necessary or proper for the purposes thereof. The Company shall pay to the Secretary of State the cost price to him of such of the land provided by him under this section as shall be hereafter purchased by him. If and as often as the Company shall fail to execute or complete to the satisfaction of the Secretary of State, and within a reasonable time, the works prescribed in any such notice as mentioned in this section, the Secretary of State may execute or complete the execution of the works, and the works so executed or completed by the Secretary of State shall be taken to by the Company as works belonging to the projected railway, and the Company and the Secretary of State shall subject to the proviso next hereinafter contained respectively, be in the like relative positions in respect to such works as they respectively would have been in had the works been completed by the Company. Provided always, and it is hereby declared that the Company shall refund to the Secretary of State all expenditure incurred by him in the exercise of the powers conferred on him by this section, and shall from time to time on demand pay into such Government Treasury in India as he shall from time to time appoint for the purpose, the amount which the Secretary of State shall from time to time state to be due to him from the Company in respect of such expenditure as last aforesaid.

Police.

24. The Secretary of State shall provide and maintain for the purposes of so much of the projected railway as shall for the time being have been opened for public traffic, such a force of police as the Company, with the approval of the Secretary of State, shall from time to time require, with the qualification that in case of difference between the Secretary of State and the Company as to the force of police required for the preservation of law and order, the determination of the question shall rest with the Secretary of State. The cost of providing and maintaining the force of police provided and maintained under this section, shall as to three-tenths be borne by the Secretary of State as part of the general expenditure of the Government of India, and as to the remaining seven-tenths by the Company. And the Company shall from time to time on demand by the Secretary of State pay into such Government Treasury in India, as the Secretary of State shall appoint for the purpose, the amount which the Secretary of State shall from time to time state to be due to him from the Company in respect of the force of police provided and maintained under this section. All amounts paid by the Company under the stipulation last hereinbefore contained shall be included amongst working expenses.

25. If the Company shall so desire the Secretary of State will provide at the sole cost of the Company such a force of police as with the approval of the Secretary of State the Company shall from time to time require for the protection of so much of the projected railway as shall for the time being be under construction.

As to the Use and Working of the Company's Undertaking and the Conveyance of Traffic.

26. From and after the time when the projected railway shall have been opened throughout for public traffic until this contract shall terminate by efflux of time or otherwise, the Company shall keep the same so opened, and carry on thereon the business of common carriers of passengers and goods, and in particular shall, unless hindered or prevented from so doing by accident, or any other matter not within its own control, run daily from each extremity of the projected railway to the opposite extremity thereof, not less than one train for the carriage of passengers, and if the Secretary of State shall so require, such train shall stop at every station on the route for the purpose of taking up and setting down passengers. The operation of this section shall from time to time be suspended so far as it shall be impossible for the Company to fulfil the obligations created by it without breach of the stipulations contained in the 21st Section of this contract.

27. The Secretary of State may from time to time, if he shall think any alteration or improvement in the working by the Company of the projected railway, or any part thereof, necessary for the safety of passengers or of the public, or for the effectual working of the railway, require the Company to effect such alteration or improvement, and the same shall thereupon be effected by the Company.

28. The maximum fares and rates to be charged by the Company for the carriage of passengers and goods respectively on the projected railway, or so much thereof as shall for the time being have been opened for public traffic, shall be as follows (that is to say):—

PASSENGER FARES.	GOODS RATES.
First class, 3 annas per mile.	Edible grains, $\frac{1}{4}$ pie per maund per mile.
Lower class, $4\frac{1}{2}$ pies per mile.	Parcels and live stock at rates not exceeding 50 per cent. over the rates for the time being in force on the East Indian Railway.
Passengers' luggage, 2 pies per maund per mile.	All other goods, 2 pies per maund per mile.

29. All services which the Secretary of State may require the Company to perform for the Post Office by way of conveyance over the projected railway, or any portion thereof, of mails, as defined by the Post Office Act, or Acts, for the time being in force in India, or the conveyance over the projected railway, or any portion thereof, of Post Office servants when on duty, shall be performed by the Company, and the Company shall be entitled to receive from the Secretary of State in every half-year the sum of 5,000 rupees, which shall be taken by the Company as in full payment for, all services mentioned in this section, excepting services for the due performance of which it shall be requisite for the Company to run a train or engine specially, in which cases the Secretary of State shall pay the Company a reasonable remuneration for the special services rendered to him.

30. The Company shall convey over the projected railway, or so much thereof as shall for the time being have been opened for public traffic, gold and silver bullion and coin, and copper coin, belonging to the Secretary of State, and the persons in charge thereof, at special rates to be from time to time agreed upon between the Secretary of State and the Company.

31. All services performed by the Company for the Secretary of State in relation to its general undertaking contemplated by this Contract, or any part of such undertaking, other than those specially provided for as aforesaid, shall be paid for by the Secretary of State at the ordinary tariff rates charged to the public.

32. The Company shall from time to time, if so required, give precedence to the demands of the Secretary of State, whether for freight or passenger accommodation over all other traffic on the projected railway, or so much thereof as shall for the time being have been opened for public traffic.

33. The Company shall not as between members of the general public make or give any undue or unreasonable preference or advantage to or in favour of any particular person or company, or any description of traffic in any respect whatsoever, or subject any particular person or company, or any particular description of traffic, to any undue or unreasonable prejudice or disadvantage in any respect whatsoever.

Road to Naini Tal Brewery.

34. The Secretary of State will construct and afterwards maintain a road for ordinary wheeled traffic from the terminus of the projected railway at or near Katgodam, to the Naini Tal Brewery. The road mentioned in this section shall be completed within one calendar month after the time when the projected railway shall have been opened throughout for public traffic.

35. The Company shall provide and work, or cause to be provided and worked, to the reasonable satisfaction of the Secretary of State, sufficient and suitable means of transport by wheeled vehicles, or otherwise, over the road last aforesaid, for all passengers and goods requiring to be carried from the terminus last aforesaid to the Naini Tal Brewery, and from the Naini Tal Brewery to such terminus respectively.

Money Capital.

36. The Company shall within such period, and by such instalments as the Secretary of State and the Company shall agree, pay into the Bank of England to the credit of the Secretary of State the sum of 200,000 l. Provided that the Company may *pro tanto* discharge itself of its obligations under this section by payment of any amount in rupees into any Government Treasury in India approved for the purpose by the Secretary of State, amounts so paid to be deemed the equivalent of sterling money, at the rate of 12 rupees to the pound sterling.

Drafts on Capital.

37. As often as any moneys shall (until the aggregate amount paid in by the Company under the last preceding section shall be exhausted or have been refunded by the Secretary of State to the Company) be required by the Company to defray expenditure incurred by the Company in fulfilling its obligations under this contract, the same may be drawn by the Company in London or in India, according to such arrangements as shall be made from time to time with the Secretary of State for the purpose, ten days' notice at least of every draft, or proposed draft, shall be given by the Company to the Secretary of State, and the Company shall not in any case be entitled under this section to draw to an extent greater than the balance in its favour for the time being, having regard to the respective amounts for the time being paid by the Company under the section last hereinbefore contained, and drawn by the Company under this section. All such amounts as shall be drawn in India by the Company under this section shall be deemed equivalent to sterling money at the rate of 12 rupees to the pound sterling, and the provisions of section 70 of this Contract shall not apply to moneys of which the Company shall, under this section, have given notice of drawing in London.

Return of Surplus.

38. If the aggregate amount which shall have been paid by the Company under the 36th section of this Contract shall not have been drawn by the Company at the time when the projected railway shall have been opened throughout for public traffic, or when this Contract shall terminate, under notice given by the Secretary of State under the provisions hereinafter contained, the Secretary of State shall refund to the Company in London the balance remaining undrawn.

Temporary Provisions.

39. The Secretary of State will, if this Contract shall so long continue until and inclusive of the 1st day of January 1885, unless the projected railway shall have been previously opened throughout for public traffic, and in that case until the day on which the projected railway shall have been first opened throughout for public traffic, out of the revenues of India, pay to the Company in London half-yearly, on the 1st day of July, and the 1st day of January, interest at the rate of 4 per cent. per annum on so much of the said sum of 200,000 l. as shall for the time being have been paid by the Company in accordance with the previous provisions of this Contract. Such interest as is under this section to be paid on the 1st day of July is to be calculated up to the 30th day of June immediately previous, and such interest as is under this section to be paid on the 1st day of January, is to be calculated up to the 31st day of December immediately previous. If the liability of the Secretary of State to pay interest to the Company shall terminate by the projected railway having been opened throughout for public traffic, the Secretary of State shall, as soon as may be afterwards, pay to the Company a properly apportioned part of the half-yearly payment of interest accruing at the time when the projected railway shall first have been opened throughout for public traffic. The Secretary of State shall be entitled to interest at the rate of 4 per cent. per annum on all amounts paid by him to the Company under this section, the interest to run in favour of the Secretary of State on the respective amounts from the respective dates of the payment thereof respectively by him to the Company, but except under the provisions of the sub-sections respectively numbered 2 and 7 of the 40th section of this Contract the Secretary of State shall not be entitled either to repayment of the interest paid by him to the Company under this section, or to payment of the interest thereon.

40. The earnings of the Company relating to each period of six calendar months (hereinafter called a "half-yearly period") ending either on a 30th day of June or 31st day of December shall, until the period of the liability of the Secretary of State, under the provisions hereinbefore contained, to pay interest to the Company shall have terminated, and subsequently to such termination, until the aggregate amount which shall be paid by the Secretary of State to the Company in respect of such interest shall have been repaid in full to him, with interest thereon at the rate hereinbefore provided, be applied as follows (that is to say):—

(a.) As to the earnings attributable to half-yearly periods anterior to the termination of the liability of the Secretary of State under the provisions hereinbefore contained to pay interest to the Company:

1. In the first place, in or towards payment of working expenses incurred up to the end of the half-yearly period to which the earnings relate, including any undischarged working expenses attributable to any previous period or periods.

2. In the next place, in or towards the repayment to the Secretary of State of the interest (if any) which shall under the section last hereinbefore contained have become payable by him to the Company at the end of the half-yearly period to which the earnings relate.

3. In the next place, in payment of the residue (if any) to the Company.

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(b.) As to the earnings attributable to other half-yearly periods :

4. In the first place, in or towards payment of working expenses incurred up to the end of the half-yearly period to which the earnings relate, including any undischarged working expenses attributable to any previous period or periods.

5. In the next place, in or towards payment of the interest on the borrowed capital (if any) of the Company, including any arrears of such interest.

6. In the next place, in or towards payment to the Company of a sum equal to the sum to which interest would amount at the rate of 5 per cent. per annum on the aggregate amount for the time being *bonâ fide* paid up on such of the share capital of the Company as shall for the time being have been issued, computed for the period of six calendar months as regards such parts of the last-mentioned aggregate amount as shall have been paid up prior to the commencement of the half-yearly period to which the earnings for the time being dealt with relate, and computed on all other parts of the same aggregate amount from the respective times at which the same shall have been respectively paid up, down to the end of the half-yearly period to which the earnings for the time being dealt with relate: Provided that in no case shall a larger sum than 5,000 £., without the sanction of the Secretary of State, be payable to the Company under this sub-section out of the earnings relating to any single half-yearly period.

7. In the next place, as to one moiety shall be paid to the Company, and as to the other moiety (without prejudice to the subsequent provisions of this sub-section) shall be applied in keeping down the interest accrued down to the end of the half-yearly period to which the earnings relate on so much of the interest previously paid by the Secretary of State to the Company under the provisions hereinbefore contained as shall not have been previously repaid to him, and in the next place towards repayment to the Secretary of State of the interest previously paid by him to the Company under the provisions hereinbefore contained, so far as not previously repaid to him: Provided always, that notwithstanding the provisions for the half-yearly application of earnings hereinbefore contained, the Company shall, in priority to any right of the Secretary of State to payments under this sub-section, be entitled in each entire calendar year, ending the 31st day of December, to receive in full out of the earnings of such year remaining, after providing for the payments to be made pursuant to sub-sections 4 and 5 of this section 40, the two half-yearly payments of interest to which it would be entitled under sub-section 6 of this section 40, but for a deficiency in the amount of the earnings, and to any extent to which in the first half-year ending the 30th day of June of such entire year, there shall have been a deficiency of earnings to make up the full half-yearly payment of interest, the same shall, as far as may be, be made good out of the earnings of the second half year of the same year, and similarly any surplus earnings for the first half-year of any entire calendar year ending the 31st day of December, shall be applicable in priority to any right of the Secretary of State to payments under this sub-section, to make good the deficiency on the second half-year of the same year, and the accounts for the half-years shall be duly adjusted so as to give effect to this proviso, and any such of the moneys received by the Secretary of State in respect of earnings attributable to any half-year ending the 30th day of June, as upon any adjustment under this proviso shall be found not to have been receivable by him, shall be refunded.

8. And as to any ultimate surplus the same shall be paid to the Company.

(c.) In case the projected railway shall be opened throughout for public traffic prior to the 1st day of January 1885, the earnings of the Company attributable

attributable to the half-yearly period current at the time when the projected railway shall have been first opened throughout for public traffic shall be properly apportioned, and shall, with all proper variations, be treated as to part as earnings relating to a half-year antecedent to the opening prior to the 1st day of January 1885 of the projected railway throughout for public traffic, and as to the residue as earnings relating to a half-year subsequent to the day last aforesaid.

41. All moneys coming within the term "earnings of the Company," as hereinbefore defined, received by or on behalf of the Company prior to the time when the liability of the Secretary of State, under the provisions hereinbefore contained, to pay interest to the Company shall terminate, and subsequently until the aggregate amount which shall have been paid by the Secretary of State to the Company in respect of such interest under the provisions hereinbefore contained, shall have been repaid in full to him with the interest thereon, shall at such times and in such manner as the Secretary of State shall from time to time direct, be paid into such Government Treasury in India as the Secretary of State shall from time to time appoint for the purpose, and the moneys when so paid in may from time to time be drawn upon by the Company according to such arrangements as shall from time to time be made between the Secretary of State and the Company for application to purposes to which as between the Secretary of State and the Company they shall be properly applicable. No moneys paid by the Company under this section shall be reckoned as part of the aforesaid sum of 200,000*l*.

Participation of Secretary of State in Profits.

42. The earnings of the Company attributable to the period of 12 calendar months ending the 31st day of December 1898, and to every subsequent period of 12 calendar months ending on the 31st day of December, shall be applied as follows (that is to say) :

- (1.) First, in payment of working expenses attributable to the period to which the earnings relate.
- (2.) In the next place, in payment of any undischarged working expenses attributable to any previous period or periods.
- (3.) In the next place, in or towards payment of the interest on the borrowed capital (if any) of the Company, including any arrears of such interest.
- (4.) In the next place, in or towards payment of a sum equal to the sum to which interest would amount at the rate of 6 per cent. per annum on the aggregate amount for the time being *bonâ fide* paid up on such of the share capital of the Company as shall for the time being have been issued, computed for the period of 12 calendar months; as regards such parts of the last-mentioned aggregate amount as shall have been paid up prior to the commencement of the period of 12 calendar months, to which the earnings for the time being dealt with relate, and computed on all other parts of the same aggregate amount from the respective times at which the parts shall respectively have been paid up, down to the end of the period of 12 calendar months to which the earnings for the time being dealt with relate.
- (5.) The surplus, if any, shall belong as to one-half to the Secretary of State, and as to the other half to the Company, and the Company shall pay to the Secretary of State, either in England or India, as the Company may elect, the amount to which the Secretary of State shall for the time being have become entitled under this section, within 30 days after the ascertainment of the amount. If for the purposes of this sub-section it shall be requisite to convert sterling money into Indian currency, or Indian currency into sterling money, the conversion shall be effected at the market rate of the day for bills drawn on India payable on demand.

Restrictions on Borrowing Powers.

43. The total indebtedness of the Company on account of borrowed capital shall not at any time exceed the sum of 100,000 l., or any such larger amount as may for the time being have been prescribed by the Secretary of State, but this restriction shall not preclude the Company from borrowing money for the *bonâ fide* purpose of paying off previously existing indebtedness of the Company, on account of borrowed capital to an amount equal to the extent of the money so borrowed, provided the money borrowed be *bonâ fide* applied to the purpose last aforesaid, as to which, however, no person lending or advancing money to the Company shall be concerned to see. No money shall, without the previous sanction of the Secretary of State, be borrowed by the Company at a discount, or on terms of the Company paying to the lender a larger capital sum than that actually borrowed from him by the Company. The Company shall not, without the sanction of the Secretary of State, pay interest at a rate higher than 5 per cent. per annum on any moneys borrowed by or owing from it, but this stipulation shall not necessitate the sanction of the Secretary of State to the payment of interest by the Company at any reasonable rate on any sums which the Company may borrow for *bonâ fide* temporary purposes.

Accounts, Statistics, and Audit.

44. The Company shall keep a capital account and a revenue account, and shall also keep all such accounts and all such details and statistics of its traffic as are required by the Secretary of State to be kept by the Indian Railway Companies, whose undertakings are worked under the supervision of the Secretary of State, and in the forms in which the Secretary of State requires the accounts, statistics, and details of traffic last aforesaid respectively to be kept, and the Company shall at its own cost render the capital account and revenue account and all accounts, statistics, and details of traffic kept by it under this section to the Secretary of State at such times as he shall from time to time require.

45. In the capital account shall be entered all such of the expenditure and receipts by or on behalf of the company in respect to its general undertaking contemplated by this contract, as are properly attributable to capital.

46. In the revenue account shall be entered all such of the expenditure and receipts by or on behalf of the Company, in respect to its general undertaking contemplated by this contract, as are properly attributable to revenue.

47. In any case where any question may or might arise as to whether any expenditure is to be treated in the whole or in part as a charge on capital, or how the same is to be dealt with, the question shall be determined on the general principle that capital, besides bearing the cost of the original construction and completion of the projected railway, and the stations, station-yards, offices, warehouses, houses for employes, fixed machinery, conveniences, and works appertaining thereto, and of the original equipment of the projected railway and its appurtenances, with rolling stock, plant, and moveable machinery, and the cost of the equipment and conveniences to be originally provided by the Company for the transport of passengers and goods mentioned in the 35th section of this contract, is to bear the cost of new works, of additional rolling stock and plant, and fixed and moveable machinery, and of substantial improvements of and additions to old works, rolling stock, plant, and fixed and moveable machinery, and that the cost of repairs, restorations, renewals, and replacements is to be charged to revenue account. No portion of the salary or allowances of any member of the permanent supervising or other administrative staff of the Company, accrued subsequently to the time when the projected railway shall have been opened throughout for public traffic, shall be chargeable to capital, although such member may have been employed partly or wholly in directing or superintending work which is so chargeable, and no expenses incurred by the Company subsequently to the time when the projected railway shall have been
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been opened throughout for public traffic in connection with the engagement from England or the passage from or to England of any person in the Company's service shall be chargeable to capital, unless such person shall have been specially engaged to carry out work chargeable to capital, and have been actually employed upon such work. All the expenses of the Company properly incurred up to the time when the projected railway shall have been opened throughout for public traffic, exclusive of working expenses attributable to so much of the projected railway as shall for the time being have been opened for public traffic, but inclusive of all costs of and incidental to the formation and registration of the Company, shall be chargeable to capital.

48. The accounts of the Company in relation to its expenditure and receipts in India, England, and elsewhere shall from time to time be audited on behalf of the Secretary of State, as well as on behalf of the Company, and the Company shall produce to the auditors or auditor all vouchers, books, accounts, papers, and documents of the Company necessary for the purpose of the audit, and afford to them or him all facilities requisite for the performance of their or his duties. Amongst the functions of the auditors or auditor shall be included the duty of seeing that the revenue of the Company is duly applied from time to time in discharging working expenses and keeping down the interest on the borrowed capital of the Company. Any correction made in the accounts by any persons or person who shall be acting as joint auditors or joint auditor on behalf both of the Company and of the Secretary of State shall be conclusive. If consequent on the audit of any auditor acting exclusively on behalf of the Secretary of State, the Secretary of State shall require alterations to be made in the accounts, and the Company shall object to the alterations, the matter in difference shall be referred for final decision to two persons, one to be named by the Secretary of State, and the other to be named by the Company, and in case such two persons shall be unable to agree, then to a referee to be named by them, the same two persons. The necessary costs of the audit shall be defrayed by the Company, and included in working expenses.

Working Expenses.

49. Working expenses shall include all costs and expenses incurred by the Company in or about or in connection with the maintenance, management, and working of so much of the projected railway as shall for the time being have been opened for public traffic (inclusive of the cost to the Company of working its traffic to the aforesaid terminal station at Bareilly, and of working or causing to be worked passenger and goods traffic between the points mentioned in the 35th section of this contract), also all costs and expenses in any portion of this contract stipulated to be included amongst working expenses, and in general all reasonable expenses of managing and carrying on the undertaking contemplated by this contract to be established and carried on by the Company.

50. Neither any payment made by the Company to any reserve fund established for any purpose, nor the cost of any force of police provided by the Secretary of State for the protection of any part of the projected railway in course of construction shall be included amongst working expenses, but the cost of such police shall be charged to capital as part of the cost of construction.

Subsidy to Company.

51. If the Company shall from time to time, during the period of ten years, computed from the date when the projected railway shall first have been opened throughout for public traffic, continuously perform and observe to the satisfaction of the Secretary of State its obligations under this contract, so far as from time to time to be performed and observed by the Company, the Secretary of State will, during the said period of 10 years, out of the revenues of India, pay to the Company in India half-yearly the sum of 20,000 rupees by way of subsidy. Provided that in no case shall any annual sum be payable to the Company under this section in respect to any year subsequent to the year ending the 31st day of December 1894. It is distinctly understood that the Secretary of State shall be at liberty (without prejudice to his right of determining this contract, or to any other rights by this contract conferred upon him) to make, if he thinks fit,

from any half-yearly payment mentioned in this section, a deduction of 100 rupees in respect of every day on which the Company shall fail to comply, to the satisfaction of the Secretary of State, with the conditions of the 26th and 35th sections of this contract, but such deductions shall not be made in any case where the Secretary of State is satisfied that the default arose from accident or any other matter not within the Company's control.

Running Powers, Facilities, and Accommodation for other Railway Companies, and for the State as to State Railways.

52. The Secretary of State will, so far as he may from time to time consider it desirable for the public convenience, endeavour to obtain for the Company on reasonable terms and conditions powers to form such junctions as the Secretary of State may approve, with railways belonging to other railway companies, or to the State, and to run the trains of the Company on such other railways.

53. The Secretary of State may from time to time require the Company to allow the use of the projected railway, or any part or parts thereof, for the passage of engines and trains belonging to other railway companies or to State railways, upon the payment of reasonable tolls, and under reasonable conditions and restrictions.

54. The Secretary of State may from time to time require the Company to make reasonable arrangements for the interchange of traffic and rolling stock with railways belonging to other companies, or to the State, and for through booking.

55. The Secretary of State may from time to time require the Company to allow the use of any of the stations belonging to the projected railway for the accommodation of the traffic of any other railway company or State railway upon the payment of reasonable tolls, and under reasonable conditions and restrictions.

56. The Company shall comply with all regulations from time to time prescribed by the Secretary of State for clearing through traffic with other railways.

Miscellaneous Provisions.

57. The Company shall not during the continuance of this contract, without the sanction of the Secretary of State in writing first obtained, engage in or carry on any business other than the business provided by this contract to be carried on by the Company and business incidental or subsidiary thereto.

58. The Company shall not within the period of 12 calendar months immediately preceding the 31st day of December 1912, or if notice shall be given by the Secretary of State to the Company conformably with the provisions hereinafter contained under which this contract will terminate on the 31st day of December 1912, or the 31st day of December 1932, within the period of 12 calendar months immediately preceding either one of the two days last aforesaid on which this contract will terminate under such notice as last aforesaid, sell, or otherwise alienate any rolling stock, rails, fastenings, sleepers, fixed or moveable machinery, live stock, carriages, vehicles, plant, stores, or other property belonging or appropriated to or to the working of the projected railway, or any part thereof, or any of the works or adjuncts thereof, or to the system of transport established under the 35th section of this contract. If any property shall be sold or alienated by the Company in contravention of this section the Company shall forthwith pay to the Secretary of State the value of the property so sold or alienated.

59. The Company may at any time pay to the Secretary of State the amount remaining unsatisfied to him in respect of interest paid by him to the Company under the 39th Section of this contract, and the interest accrued on such interest and upon and as from the time of such payment all and singular the provisions of the 40th and 41st sections hereof shall cease to operate.

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60. The Secretary of State shall promote the passing by the Legislature in India of any Act or Acts which may be required to enable the Company to carry into effect this contract.

61. No claim shall be made upon the Secretary of State by the Company for compensation in respect of any Act of the Indian Legislature of general applicability for the time being in force by reason of its prejudicially affecting the Company, or the projected railway, or the profits thereof, and the Company and its undertaking shall be subject to the provisions of every such Act as last aforesaid.

62. Any notice, determination, decision, direction, requirement, requisition, appointment, certificate, or expression of opinion, approval, or sanction, to be given or signified on the part of the Secretary of State, for any of the purposes of, or in relation to this contract, or any of the powers or provisions herein contained, shall be sufficient and binding, if in writing, signed by the Secretary of State, or one of his Under Secretaries, or by a Secretary of the Government of the North-Western Provinces, or by any other officer or servant duly authorised to act on behalf of the Secretary of State in respect of the matters to which the same shall relate; and the Secretary of State shall not in any case be bound in respect of any of the matters aforesaid, unless by some writing signed in the manner previously mentioned in this section.

63. The registered office of the Company shall at all times during the continuance of this contract be situate in London or Westminster.

64. The Company shall at all times during the continuance of this contract keep an office established at some place in India, to be determined from time to time by the Secretary of State, and shall keep at the office last aforesaid an authorised agent or committee of agency with whom the Secretary of State and the Government of India, or other officer or officers deputed in that behalf may communicate on affairs concerning this contract, and the duties and liabilities of the parties hereto under this contract, and to whom the Secretary of State and Government of India, and such officer or officers as last aforesaid may pay moneys for the use or on behalf of the Company, and all drafts drawn and receipts given by the said agent or committee of agency, or under his or their authority, on behalf of the Company in relation to this contract, or any payment made or matter arising under, or out, or by virtue of this contract, shall be binding on the Company, and every notice to be given to the Company (save the several notices mentioned in the next succeeding section of this contract) shall be sufficiently given if left at the said office mentioned in this section, or personally served on the said agent or any member of the said committee of agency.

As to Termination of the Contract and Matters Consequent thereon.

65. The Secretary of State may, by giving to the Company in England not less than 12 calendar months' previous notice in writing (hereinafter referred to as "Notice of Purchase"), determine this contract on the 31st day of December 1912, or on the 31st day of December 1932. Also, in case there shall be any default by the Company in payment, pursuant to the 36th Section of this contract, of the sum of 200,000 £. in that section mentioned, or any instalment thereof, or in opening the projected railway throughout for public traffic by the 1st day of January 1885, or in case there shall be any breach by the Company (whether by act, omission, or default) of any of the stipulations or provisions of this contract on the part of the Company to be performed or observed, and the Company shall fail to effectually remedy any such default or any such breach of any of the stipulations or provisions of this contract, as previously in this section mentioned, within six calendar months after notice in writing to remedy the same shall have been given to the Company in England by the Secretary of State, he may on the expiration of the six calendar months last aforesaid, determine this contract by giving to the Company notice in writing of such determination, hereinafter referred to as "Notice of Determination." And it is hereby declared that at the time at which this contract shall terminate

by efflux of time or by or under notice of purchase or notice of determination, the Company shall, without acquiring the right to any compensation or payment by the Secretary of State in respect thereof, except as hereinafter provided, relinquish to the Secretary of State all land of which he shall have given to the Company possession or right of user under, or for any purposes of this contract (so far as not then already relinquished to him), together with the stations, station-yards, offices, warehouses, houses for employes, machinery, conveniences, works, rails, fixtures, and plant then erected, or being on the land to be relinquished under this section, or in anywise belonging to the projected railway, or any part thereof, or to the system of transport established under the 35th section of this contract; and also deliver to the Secretary of State all rolling stock, moveable machinery, live stock, carriages, vehicles, and plant belonging or appropriated, either as regards purposes of construction, maintenance, or working or otherwise, to the projected railway or any part thereof, or any of the works or adjuncts thereof, or to the system of transport established under the 35th section of this Contract, and the then existing stock of stores appropriated either as regards purposes of construction or maintenance, or working or otherwise, to the projected railway or any part thereof, or to any of the works or adjuncts thereof, or to any part of the equipment thereof, and all plans, books, surveys, sections, printings, writings and documents whatsoever, in any wise connected with, or with the construction or maintenance of the projected railway or any part thereof, or any of the works or adjuncts thereof. And also deliver to the Secretary of State any telegraphs, telegraphic appliances, or other chattels belonging to the Secretary of State and then in possession of the Company in relation to this Contract. All the particulars to be delivered under this section to the Secretary of State shall at the time when the Secretary of State shall under this section become entitled to the delivery thereof, so far as not already belonging to him, become his absolute property, free from all incumbrances whatever created by the Company, both as between the Secretary of State and the Company and the Secretary of State and the incumbrancers. The termination of this Contract, either by efflux of time or by or under notice of purchase or notice of determination, shall be without prejudice to the rights of either party against the other in respect of any covenant herein contained which may have been broken previously to the expiration or termination of this Contract, and such termination shall not affect the right of either party hereto to require the payment of any unpaid money which under the provisions of this Contract shall have become actually payable to, or on behalf of him or it by the other party hereto.

66. In case this Contract shall terminate, either by notice of purchase given by the Secretary of State or by efflux of time, the Secretary of State shall within four calendar months from the time at which this Contract shall terminate, pay to the Company in London out of the revenues of India a sum of money equal to 25 times the excess of the average yearly amount of the earnings of the Company during the five years immediately preceding the time at which this Contract shall terminate, over the average aggregate sum to which the working expenses of the Company and share of surplus (if any) belonging to the Secretary of State under the 5th sub-section of the 42nd section of this Contract amount yearly during the same five years.

67. If this Contract shall terminate, either by notice of purchase given by the Secretary of State or by efflux of time, the Secretary of State shall deduct from the moneys which would but for this proviso become payable to the Company under the last preceding section, any amount owing by the Company to him at the time of the termination of this Contract. Also, in case at the time at which this Contract shall terminate under notice of purchase given by the Secretary of State, or by efflux of time, the projected railway (having been opened throughout for public traffic), together with the equipment of rolling stock, fixed and moveable machinery, live stock, carriages, vehicles and plant, and the equipment of the system of transport established under the 35th section of this Contract, shall not be in all respects in good working condition, and either in respect to quality or quantity commensurate with the expenditure of capital by the Company in respect to the same premises, the Secretary of State may deduct from the amount to become payable by him to the Company under
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the last preceding section, the expenditure (to be ascertained by arbitration in case of difference) necessary to remedy the defects of condition and equipment, or such of them as may exist.

68. In case the Secretary of State shall determine this Contract by notice of determination, he shall within four calendar months from the time at which this Contract shall terminate, pay to the Company in London, out of the revenues of India, the fair value (to be ascertained by arbitration in case of difference) of all rails, fastenings, sleepers, rolling stock, fixed and moveable machinery, live stock, carriages, vehicles, plant and stores, on the termination of this Contract relinquished or delivered to the Secretary of State by the Company pursuant to this Contract, exclusive, however, of the value of all such of the said property mentioned in this section as shall consist of telegraphs, telegraphic appliances, or other chattels belonging to the Secretary of State, prior to the termination of this Contract. Provided that if the Secretary of State shall determine this Contract by notice of determination, he may on the day on which notice of determination shall have been given to the Company, deliver notice in writing to the Company, requiring the Company to accept the property for which he would but for this provision become bound to pay the fair value to the Company in lieu of payment for the same, and in case such notice as last aforesaid shall be duly given to the Company pursuant to this section, the Secretary of State shall be under no liability under the previous provisions of this section to make any payment to the Company, but the Company may in the same case, at any time not later than nine calendar months from the time at which this Contract shall terminate, remove and retain as its own absolute property all the particulars of which the Secretary of State would under this section but for the present proviso have had to pay the fair value to the Company; but all such of the particulars last aforesaid as shall not be removed by the Company within the time prescribed in that behalf by this section shall at the expiration of such time become the absolute property of the Secretary of State. If any moneys shall under this section become payable by the Secretary of State to the Company, he shall be at liberty to deduct therefrom any amount that may be owing from the Company to him at the time of the termination of this contract.

69. Any such clear balance of money as shall under the conjoint operation of the 66th and 67th sections of this contract, or under the 68th section of this contract, become payable by the Secretary of State to the Company, shall carry interest in favour of the Company at the rate of 4 per cent. per annum, to be computed from the time when this contract shall terminate, down to the time of payment or tender of the clear balance by or on behalf of the Secretary of State to the Company. And the Secretary of State shall pay to the Company in London, out of the revenues of India, any interest accrued under this section in favour of the Company, with the capital money in respect of which the interest shall have become payable.

Power of Secretary of State to Discharge Moneys by Rupee Payments.

70. If and as often as the Secretary of State shall in respect to money becoming payable to the Company under any of the provisions of this contract, pay in rupees to the Company in India the actual ascertained cost of providing in India through a bank for the payment by telegraphic transfer of any specific amount of sterling money in London, the Company shall accept the rupees so paid in lieu and satisfaction of the specific amount of sterling money.

Change of Currency.

71. If in any case not herein otherwise or specially provided for, it shall be requisite to convert into Indian currency sterling money or into sterling money Indian currency, the conversion shall be made at the average rate of exchange obtained by the Secretary of State for bills payable on demand, drawn by him on India during the half-year ending either the 30th day of June or 31st day of

December immediately preceding the half-year ending the 31st day of December or 30th day of June in which the conversion requires to be effected, or if the Secretary of State shall not have drawn bills on India for so much as three months out of the half-year, by reference to the rates of exchange obtained during which the rate of conversion is to be regulated, then at the average rate obtained during that half-year for the best commercial bills payable on demand drawn in London on India, such average rate to be decided by the Comptroller General at Calcutta.

Arbitration.

72. If any dispute, question, or controversy shall at any time arise between the Secretary of State and the Company touching this contract, or any clause or thing herein contained, or the construction hereof, or any matter connected with this contract, or the operation of the same, or the rights, duties, or liabilities of either party in relation to the premises, then and in every such case the matter in difference, unless special provision shall have been made in this contract for the settlement of the matter so in difference, shall be referred to two arbitrators or their umpire, pursuant to and so as with regard to the mode and consequences of the reference, and in all other respects to conform to the provisions in that behalf contained in the Common Law Procedure Act, 1854, or any subsisting statutory modification thereof, and upon every such reference, the arbitrators and umpire shall respectively have power to examine witnesses upon oath or affirmation, and either to fix, settle, and determine the amount of costs of the reference and award respectively or incidental thereto, to be paid by both parties, or by either party, or to direct the same to be taxed either as between solicitor and client, or otherwise, and to direct and award where and by and to whom such costs shall be paid, and every or any such reference may be made a rule of Her Majesty's High Court of Justice, or of the High Court of Judicature, at Allahabad, on the application of the Secretary of State or of the Company, and either the Secretary of State or the Company may instruct counsel to consent thereto for the other party.

In witness whereof Sir Barrow Helbert Ellis, K.C.S.I., and Sir Frederick James Halliday, K.C.B., being two Members of the Council of India, have hereunto set their hands and seals, and the Rohilkund and Kumaon Railway Company, Limited, have hereunto caused their Common Seal to be affixed the day and year first above written.

Signed, sealed, and delivered by the above-named Sir Barrow Helbert Ellis and Sir Frederick James Halliday, being two Members of the Council of India, in the presence of

W. H. Treasure,
India Office.

B. H. ELLIS.

L. S.

FRED. JAS. HALLIDAY.

L. S.

The Common Seal of the Rohilkund and Kumaon Railway Company, Limited, was hereunto affixed in the presence of

J. S. Trevor,
D. T. Robertson, } Directors.

Archd. McGeckie, Secretary (*pro tem*).



AGREEMENT between the SECRETARY of STATE for INDIA in COUNCIL and Lieutenant-General C. H. DICKENS, C.S.I., R.A., dated 20th October 1882, together with the Schedule therein referred to, being a Contract to be entered into between the Secretary of State for India in Council and the Bengal and North Western Railway Company for a Line from Patna to Baraich, with a branch to Benares.

AN AGREEMENT made this 20th day of October 1882, between the SECRETARY of STATE in COUNCIL of INDIA (hereinafter called "the Secretary of State") of the one part and CRAVEN HILDESLEY DICKENS, of Lexham Gardens, in the County of Middlesex, a Lieutenant-General in Her Majesty's Army and Companion of the Most Exalted Order of the Star of India, of the other part.

WHEREAS the said Craven Hildesley Dickens and divers other persons contemplate the immediate formation and establishment of a joint stock company, with an English domicil, a nominal capital of not less than the sum of 2,200,000 *l.*, and powers sufficient to enable it to undertake, carry out, and fulfil all the works, duties, and liabilities which, under the indenture set out in the schedule hereto (hereinafter called "the Scheduled Contract"), would have to be executed, carried out, and performed by the company party thereto, and have requested the Secretary of State to enter into such undertaking as on his part hereinafter contained which he has consented to do :

Now these presents witness that the Secretary of State doth hereby undertake with the said Craven Hildesley Dickens that if, prior to the 12th day of December 1882, a joint stock company shall be incorporated by special Act of the Parliament of the United Kingdom, or duly registered under the provisions of the Companies Act, 1862 to 1880, in either case with an English domicil, a nominal capital of not less than the sum of 2,200,000 *l.*, and powers sufficient to enable it to undertake, carry out, and fulfil all the works, duties, and liabilities which, under the scheduled contract, would have to be executed, carried out, and performed by the company party thereto, and if the company to be so incorporated or registered shall, prior to the 1st day of February 1883, duly and formally execute in duplicate an indenture identically in the words and figures of the scheduled contract, with the addition thereto only of the date of the indenture, and shall, on or prior to the said 1st day of February 1883, deliver to the Secretary of State the said indenture in duplicate duly and formally executed by the company, the Secretary of State will at any time afterwards, at the request of the said Craven Hildesley Dickens, to be testified by some writing under his hand, execute and deliver the same indenture, which shall thereupon become binding upon the parties thereto.

In witness whereof Colonel Henry Yule, c.B., and Sir Frederick James Halliday, k.C.B., being two Members of the Council of India, and Craven Hildesley Dickens, have hereunto set their hands, the day and year first above written.

Signed by the said two Members of the Council of India, in the presence of

(signed) *D. A. Traill Christie,*
199, Gresham House,
Old Broad-street, E.C., Gentleman.

H. YULE.

FRED. JAS. HALLIDAY.

Signed by the said Craven Hildesley Dickens, in the presence of

(signed) *D. A. Traill Christie,*
199, Gresham House,
Old Broad-street, E.C., Gentleman.

C. H. DICKENS.

THE SCHEDULE ABOVE REFERRED TO.

THIS INDENTURE, made the _____ day of _____ 1882, between the SECRETARY of STATE in COUNCIL of INDIA of the one part, and the BENGAL and NORTH WESTERN RAILWAY COMPANY, LIMITED, of the other part, witnesseth and it is hereby agreed and declared as follows:—

Interpretation of Terms.

1. In this Contract the expression "the Secretary of State" means the Secretary of State in Council of India. The expression "the Company" means the company party to these presents. The expression "the earnings of the company" means the gross earnings and moneys to be derived by any means by or on behalf of the company from or in respect of its general undertaking contemplated by this Contract, so far as existing from time to time (except share and borrowed capital and so much of the said gross earnings and moneys derived as aforesaid as ought to be attributed to capital account), and includes the gross earnings and moneys to be derived from the working by the company of any telegraphs or telegraphic appliances of which the Secretary of State shall for the time being allow the company the use, and from the charges by the company of tolls, under the 36th section of this Contract, and from the working by the company of any ferries, and also all payments to be made by the Secretary of State to the company for services which shall be performed by the Company for him, but shall not include moneys derived from the investment or other employment by the company of the earnings of the company not receivable by the Secretary of State under section 39 of this Contract, and not distributed by way of dividend among the shareholders.

Duration of Contract.

2. This Contract shall, unless previously determined under provisions for the purpose hereinafter contained, terminate on the 31st day of December 1981 by efflux of time.

Construction of Railway.

3. The company shall, by the 31st day of December 1887, on the Secretary of State, at the reasonable request of the company duly providing the land requisite for the purpose, construct and open for public traffic, on a route to be selected and determined by the Secretary of State, a line of railway from Sonapore, near Patna, in the Province of Bengal, to Baraich, in Oude, with a branch, *via* Ghazipur, to Benares, a branch to Nawabganj, and a branch to Byram Ghat (which line of railway and branches are hereinafter collectively called "the said railway"), together with all such stations, station yards, offices, warehouses, houses for employés, machinery, conveniences, and works as shall be necessary or proper for the purposes of the said railway, either as regards the due working of the same, or as regards the permanence of the same and the protection of the same from destruction or injury by inundation, tempest, or otherwise. The railway to be constructed by the company under this section shall be of the metre gauge, and shall in general structural character conform in all respects with the now established standard of railways in India on that gauge.

Notification of Route of Railway.

4. The Secretary of State shall from time to time notify to the company the route of the said railway, so far as such route shall from time to time have been determined by him.

Situation of Stations, &c.

5. The Secretary of State shall have power to determine the situation and dimensions of all stations, station yards, offices, warehouses, houses for employés, conveniences, and works to be constructed in connection with or as part of the said railway.

As to existing Surveys, &c.

6. The Secretary of State, having caused various surveys and plans to be made and works to be executed with the view of facilitating and expediting the construction of the said railway, will allow the company to have the benefit of the same surveys, plans, and works, but the company shall discharge all the now existing obligations and liabilities of the Secretary of State under contracts for the execution of works relating to or connected with the construction of the said railway or any part or parts thereof, and shall within three calendar months after the Secretary of State shall have signified in writing to the company the cost to him of the said surveys, plans, and works, refund the amount to the Secretary of State by payment thereof into such Government Treasury in India as the Secretary of State shall appoint for that purpose.

Land.

7. The Secretary of State shall from time to time, at the reasonable request of the company, provide free of cost to the company the land requisite for the construction of the said railway, and for the stations, station yards, offices, warehouses, houses for employes, conveniences, and works necessary or proper for the purposes of the same railway, and shall give to the company possession of the land so provided. The company shall, from time to time, upon the requisition of the Secretary of State, re-deliver possession to him of any such of the land of which he shall have given possession to the company under this section, as shall not be necessary to be retained permanently or temporarily by the company for any purposes connected with this contract.

8. The company shall be entitled to possession until the 31st day of December 1981, unless this contract shall be previously determined under the provisions hereinafter contained, or if this contract shall be so previously determined, then until the day on which this contract shall terminate, of such of the land of which the Secretary of State shall give to the company possession, under the provisions of this contract as shall be permanently required for the purposes of the said railway, and the Secretary of State will guarantee as against all claimants the possession of the land by the company, but shall not be required to show any title thereto: Provided that nothing in this section contained shall be construed to exonerate the company from its obligations under the 7th section of this contract, or to deprive the Secretary of State of any power conferred on him by that section.

Telegraphs.

9. The Secretary of State may from time to time construct such electric telegraphs and telegraphic appliances as he shall think fit, along or upon the said railway, or any part or parts thereof, or any land or works belonging thereto, and may maintain and work the same electric telegraphs and telegraphic appliances as he shall think fit; and may erect, maintain, make, do and execute on the said railway, or on any lands or works belonging thereto, all such buildings, machinery, works, acts, and things as he shall consider necessary or proper in relation to the construction, maintenance, use and working of the said electric telegraphs and telegraphic appliances. The Secretary of State shall be exclusively entitled to the possession of all buildings, machinery, works, and appliances erected or brought by him under the powers conferred on him by this section on the said railway, or on any land or works belonging thereto. The company shall at all times furnish the Secretary of State with such free passes over the said railway, or any part or parts thereof as he shall require for persons employed by him, in or about or in connection with the construction, maintenance, working, or inspection of the electric telegraphs and telegraphic appliances mentioned in this section, or any buildings or works appertaining thereto.

10. The Secretary of State shall from time to time allow the company to have the exclusive use of any such electric telegraphs and telegraphic appliances as he shall from time to time consider proper to be used by the company for the purpose of safely or efficiently working the said railway, or any part or parts thereof,

thereof, and shall keep the same electric telegraphs and telegraph appliances in good repair, and in good working order and condition, and the company shall, from time to time upon demand, pay into such Government Treasury in India as shall from time to time be appointed for the purpose by the Secretary of State, the amount which the Secretary of State shall from time to time require the company to pay in respect of the charges made from time to time by the Government Telegraph Department for rent, maintenance, and inspection of the electric telegraphs and telegraphic appliances, of which the Secretary of State shall from time to time under this section have allowed the company the exclusive use. All amounts paid by the company under the stipulation last hereinbefore contained, shall be included amongst working expenses.

11. The company, if so directed by the Secretary of State, shall in working any electric telegraphs or telegraphic appliances, of which it shall for the time being be allowed the exclusive use under the last preceding section, observe the rules as to working telegraphs and telegraphic appliances for the time being in force in the case of State railway telegraphs, or such rules as the Secretary of State may prescribe for the company's observance; and if so directed by the Secretary of State, shall account in such manner as shall be prescribed by the rules for the time being in force, in the case of State railway telegraphs, or as the Secretary of State shall require, for the receipts derived from the working of electric telegraphs and telegraphic appliances.

Police.

12. State shall provide and maintain, for the purposes of so much of the said railway as shall for the time being have been opened for public traffic, such a force of police as the company with the approval of the Secretary of State, shall from time to time require, with the qualification that in case of difference between the Secretary of State and the company as to the force of police required for the preservation of law and order, the determination of the question shall rest with the Secretary of State. The cost of providing and maintaining the force of police provided and maintained under this section, shall be borne as to three-tenths by the Secretary of State as part of the general expenditure of the Government of India, and as to the remaining seven-tenths by the company, and the company shall from time to time, on demand by the Secretary of State, pay into such Government Treasury in India as the Secretary of State shall appoint for the purpose, the amount which the Secretary of State shall from time to time state to be due to him from the company in respect of the force of police provided and maintained under this section. All amounts paid by the company under the stipulation last hereinbefore contained shall be included amongst working expenses.

13. If the company shall so desire the Secretary of State will provide and maintain, at the cost exclusively of the company, such a force of police as with the approval of the Secretary of State the company shall from time to time require for the protection of so much of the projected railway as shall for the time being be under construction.

Equipment with Rolling Stock.

14. The company shall, with reasonable speed equip the said railway when constructed with rolling stock, plant, and machinery of good quality, and adequate in quantity to work the said railway.

Opening for Traffic.

15. The company may from time to time, when and as often as an inspecting officer acting on behalf of the Secretary of State shall have certified that any part of the said railway is fit for the conveyance of passengers and goods, and properly equipped with rolling stock, plant, and machinery, open the same part for public traffic, and shall open the said railway throughout for public traffic when and so soon as such an inspecting officer as aforesaid shall have certified that the same railway throughout is fit for the conveyance of passengers and goods, and properly equipped with rolling stock, plant, and machinery.

Maintenance of the Railway, and Protection of Passengers and Public.

16. The company shall keep the said railway, or so much thereof as shall for the time being have been opened for public traffic, and the stations and other works belonging thereto, in good repair, in good working condition, and sufficiently supplied with rolling stock, plant, machinery, and stores.

17. The company shall keep the rolling stock, and fixed and moveable machinery and plant for the time being belonging to the said railway, and to every part thereof which shall for the time being have been opened for public traffic, in good repair and in good working condition.

18. The company shall maintain a sufficient staff for the purposes of so much of the said railway as shall for the time being have been opened for public traffic.

19. The said railway and all the stations and other works, rolling stock, fixed and moveable machinery and plant from time to time belonging thereto, shall at all times be open to inspection by any officer or officers acting on behalf of the Secretary of State, and the company shall afford to every such officer all such facilities as he shall reasonably require to enable him to inspect any of the particulars open to inspection under this section.

20. Whenever any duly authorised inspecting officer, acting on behalf of the Secretary of State, shall report to the Government of India that in his opinion the use of the said railway or of any particular part or parts thereof will be attended with danger to passengers, the said railway or the part thereof referred to in the report, as the case may be, shall, upon the requisition of the Government of India, be forthwith closed so far as regards the conveyance of passengers, and shall not be re-opened for that purpose unless and until such an inspecting officer as last above mentioned shall have subsequently inspected the said railway, or, as the case may be, the portion thereof for the time being closed, and have certified the said railway, or, as the case may be, the portion thereof for the time being closed, to be fit and safe for the conveyance of passengers.

21. The Secretary of State may from time to time prohibit the company from using any engine, carriage, waggon, vehicle, machine, boat, or appliance of any description whatsoever of which the use shall be declared by a duly authorised inspecting officer acting on behalf of the Secretary of State, to be attended with danger to passengers or to the public, and the Secretary of State may, by taking into his custody such engine, carriage, waggon, vehicle, machine, boat, or appliance, or by such other means as he shall think fit to employ, prevent the company from using the same.

22. The Secretary of State may from time to time after the said railway shall have been opened throughout for public traffic, by notice in writing, require the company to carry out any reasonable alteration, improvement, or addition which may, in his opinion, be necessary for the safety of passengers, or of the public, or for the effectual working of the railway, to be made in or to any part of the said railway, or any of the stations or works belonging thereto. Such notice shall specify the alteration, improvement, or addition required, and shall also, in general terms, describe the works to be executed for the purpose of effecting the same. On receiving any such notice the company shall, with all reasonable speed, execute the works described therein, the Secretary of State providing, free of cost to the company, and giving to the company possession of any land that may be requisite for the purpose of such works, the land, so soon as in the possession of the company, to be as between the Secretary of State and the company, subject as nearly as may be to the stipulations and provisions to which it would have been subject under this contract had it been land of which possession was given to the company by the Secretary of State for the original construction of the said railway, or of works necessary or proper for the purposes thereof. If and as often as the company shall fail to execute or complete to the satisfaction of the Secretary of State, and within a reasonable time, the works prescribed in any such notice as mentioned in this section, the Secretary of State may execute or complete the execution

of the works, and the works so executed or completed by the Secretary of State shall be taken to be by the company as works belonging to the said railway, and the company and the Secretary of State shall, subject to the proviso next hereinafter contained respectively, be in the like relative positions in respect to such works as they respectively would have been in had the works been completed by the company. Provided always, and it is hereby declared, that the company shall refund to the Secretary of State all expenditure incurred by him in the exercise of the powers conferred on him by this section, and shall from time to time, on demand, pay into such Government Treasury in India as he shall from time to time appoint for the purpose the amount which the Secretary of State shall from time to time state to be due to him from the company in respect of such expenditure as last aforesaid.

As to Working the Railway and Fares, Special Services, &c.

23. From and after the time when the said railway shall have been opened throughout for public traffic, until this contract shall terminate by efflux of time or otherwise, the company shall keep the same railway so opened, and work the same, and carry on thereon the business of common carriers of passengers and goods, and in particular will, unless hindered or prevented from so doing by accident or any other matter not within its own control, run daily from each extremity of the said line of railway to be constructed from Sonapore to Baraich, and of the said several branches respectively to the other extremity of the same line of railway, and the same several branches respectively, at least one train carrying passengers. The operation of this section shall from time to time be suspended so far as it shall be impossible for the company to fulfil the obligations of the same section without breach of the stipulations contained in the 20th section of this contract.

24. The Secretary of State may from time to time, if he shall think any alteration or improvement in the working by the company of the said railway, or any part thereof, necessary for the safety of passengers or of the public, or for the effectual working of the railway, require the company to effect such alteration or improvement, and the same shall thereupon be effected by the company.

25. The company shall charge such rates and fares for the carriage of goods and passengers on the said railway, or so much thereof as shall for the time being have been opened for public traffic, as may from time to time be fixed by the company, subject to the approval of the Secretary of State: Provided that the Secretary of State may require the charges for the conveyance of salt and coal and food grains to be reduced to any rate not below one-fifth of a pie per maund per mile for full waggon-loads carried not less than 100 miles, and may also require passengers to be conveyed at any rate not below two pies per mile in closed carriages provided with seats.

26. All services which the Secretary of State may require the company to perform for the Post Office by way of conveyance over the said railway, or any portion thereof, of mails as defined by the Post Office Act or Acts for the time being in force in India, or the conveyance over the said railway, or any portion thereof, of Post Office servants when on duty, shall be performed by the company free of charge.

27. All services (other than the services mentioned in the last preceding section) which the Secretary of State shall require the company to perform for the Post Office, the Military Department, the Police Department, or any Department of State not specifically mentioned in this section, or for High Government officials in relation to the said railway, or any portion thereof, by way of conveyance or transport, or incidental thereto, shall be performed by the company on the same general conditions as may for the time being be in force on State railways of the metre gauge, and at such rates of payment as may be approved by the Secretary of State. The services to which the conditions and rates last aforesaid are to apply shall include the conveyance of troops and sailors, military and naval establishments, horses and other animals used for military purposes, and guns, military stores and equipments, the conveyance of police, prisoners and paupers, the conveyance of telegraph stores, instruments,
officers,

officers, and workmen, and of any public stores whatsoever: Provided that nothing in this section contained shall be construed to override the provisions previously in this contract contained as to the furnishing the Secretary of State with free passes for certain persons employed by him.

28. The company shall convey over the said railway, or so much thereof as shall for the time being have been opened for public traffic, gold and silver bullion and coin, and copper coin, belonging to the Secretary of State, and the persons in charge thereof, at special rates to be from time to time agreed upon between the Secretary of State and the company.

29. The company shall from time to time, upon the requisition of the Secretary of State, give precedence to his demands, whether for freight or passenger accommodation, over all other traffic on the said railway, or so much thereof as shall for the time being have been opened for public traffic.

30. The company will not, as between members of the general public, make or give any undue or unreasonable preference or advantage to or in favour of any particular person or company, or any particular description of traffic, in any respect whatsoever, or subject any particular person or company, or any particular description of traffic, to any undue or unreasonable prejudice or disadvantage in any respect whatsoever.

Running Powers, Facilities, and Accommodation for other Railway Companies, and for the State as to State Railways.

31. The Secretary of State will, so far as he may from time to time consider it desirable for the public convenience, endeavour to obtain for the company, on reasonable terms and conditions, powers to form such junctions as the Secretary of State may approve, with railways belonging to other railway companies, or to the State, and to run the trains of the company on such other railways.

32. The Secretary of State may from time to time require the company to allow the use of the said railway, or any part or parts thereof, for the passage of engines and trains belonging to other railway companies, or to State railways, upon the payment of reasonable tolls, and under reasonable conditions and restrictions.

33. The Secretary of State may from time to time require the company to allow the use of any of the stations belonging to the said railway, for the accommodation of the traffic of any other railway company, or of any State railway, upon the payment of reasonable tolls, and under reasonable conditions and restrictions.

34. The Secretary of State may from time to time require the company to make reasonable arrangements for the interchange of traffic and rolling-stock, with railways belonging to other companies, or to the State, and for through booking.

35. The company shall comply with all regulations from time to time prescribed by the Secretary of State for clearing through traffic with railways belonging to other companies, or to the State.

Power to Levy Tolls on Bridges.

36. If the company shall, with the approval of the Secretary of State, provide on any of its bridges roadways for foot passengers, cattle, or carts, the company shall have the right to charge during the continuance of this contract tolls on the traffic over such roadways, according to tariffs to be arranged between the Secretary of State and the company.

Ferries.

37. The company may with the approval of the Secretary of State from time to time during the continuance of this contract establish any ferry for the accommodation of the traffic of the said railway. Every such ferry to be equipped with boats, and fixed and moveable machinery and plant of good quality, and adequate in quantity to work the same ferry. The Secretary of

State shall from time to time give to the company free of cost to the company possession of such land as shall be requisite for the purposes of any ferry which the company shall with his approval establish for the accommodation of the traffic of the said railway, and the land so soon as in the possession of the company shall be subject as between the Secretary of State and the company as nearly as may be, *mutatis mutandis*, and having regard to the purposes for which possession thereof shall be delivered to the company to the stipulations and provisions to which it would have been subject under this contract, had it been land of which possession was given to the company by the Secretary of State for the original construction of the said railway, or of works necessary or proper for the purposes thereof. The company may with the approval of the Secretary of State work for purposes other than the accommodation of the traffic of the said railway any ferry which shall have been established by it.

38. The previous provisions of this contract relative to the said railway and its adjuncts, whether as regards construction, maintenance, working, equipment, maintenance of equipment, or any other matter (inclusive of the provisions as to rates and fares to be charged by the company to the Secretary of State, and the public, and of the provision for the performance by the company of certain services for the Secretary of State free of charge, and for the precedence of the Secretary of State in respect to his demands whether for freight or passenger accommodation) shall apply *mutatis mutandis*, and as far as circumstances will admit, in respect of every ferry which shall be established under the last preceding section.

Participation of Secretary of State in Profits.

39. The earnings of the company attributable to the period of twelve calendar months ending the 31st day of December 1888, and to every subsequent period of twelve calendar months ending on the 31st day of December, shall be applied as follows (that is to say)—

(1.) In the first place, in payment of working expenses attributable to the period to which the earnings relate.

(2.) In the next place, in payment of any undischarged working expenses attributable to any previous period or periods.

(3.) In the next place, in or towards payment of the interest on the borrowed capital (if any) of the company, including any arrears of such interest.

(4.) In the next place, in or towards payment to the company of a sum equal to the sum to which interest would amount at the rate of 6 per cent. per annum on the aggregate amount which for the time being shall have been *bona fide* paid up on such of the share capital of the company as shall for the time being have been issued, computed for the period of twelve calendar months as regards such parts of the last-mentioned aggregate amount as shall have been paid up prior to the commencement of the period of twelve calendar months to which the earnings for the time being dealt with relate, and computed on all other parts of the same aggregate amount from the respective times at which the parts shall respectively have been paid up down to the end of the period of twelve calendar months to which the earnings for the time being dealt with relate.

(5.) The surplus (if any) shall belong as to one-half to the Secretary of State, and as to the other half to the company, and the company shall pay to the Secretary of State, either in England or India, as the company may elect, the amount to which the Secretary of State shall for the time being have become entitled under this section, within 30 days after the ascertainment of the amount. If for the purposes of this sub-section it should be requisite to convert sterling money into Indian currency or Indian currency into sterling money, the conversion shall be effected at the market rate of the day for bills drawn on India payable on demand.

Restrictions on Capital and on Borrowing Powers.

40. The company shall not during the continuance of this contract, without the sanction in writing of the Secretary of State first obtained, at any time increase its share or stock capital.

¶ 41. The total indebtedness of the company, in respect of borrowed capital, shall not at any time exceed the sum of 800,000 £., except during any period in regard to which the Secretary of State may sanction the indebtedness of the company in respect of borrowed capital being of any larger specified amount, in which case the specified amount shall not be exceeded during the period. The restrictions imposed by the preceding portion of this section shall not preclude the company from borrowing money for the *bond fide* purpose of paying off previously existing indebtedness of the company in respect of borrowed capital to an amount equal to the extent of the money so borrowed, provided the money borrowed be *bond fide* applied to the purpose last aforesaid, as to which, however, no person lending or advancing money to the company shall be concerned to see. No money shall, without the previous sanction of the Secretary of State, be borrowed by the company at a discount, or at a premium, or on terms of the company paying to the lender a larger capital sum than that actually borrowed from him by the company. The company shall not, without the sanction of the Secretary of State, pay interest at a rate higher than 5 per cent. per annum on any moneys borrowed by or owing from it, but this stipulation shall not necessitate the sanction of the Secretary of State to the payment of interest by the company at any reasonable rate on any sums which the company may borrow for *bond fide* temporary purposes.

Accounts, Statistics, and Audit.

42. The company shall keep a capital account and a revenue account, and shall also keep all such accounts and all such details and statistics of its traffic as are required by the Secretary of State to be kept by the Indian railway companies working railways under the supervision of the Secretary of State, and in the forms in which the Secretary of State requires the accounts, statistics, and details of traffic last aforesaid respectively to be kept, and the company shall at its own cost render the capital account and revenue account, and all accounts, statistics, and details of traffic kept by it under the section to the Secretary of State at such times as he shall from time to time require.

43. In the capital account shall be entered all such of the expenditure and receipts by or on behalf of the company, in respect to its general undertaking contemplated by this contract as are properly attributable to capital. Provided that the company may during the original construction of the railway and works specified in the 3rd section of this contract, but for no period subsequent to the 31st December 1887, if authorised so to do by its constitution, pay out of capital any sums by way of interest on the amounts from time to time *bond fide* paid up on the issued share capital of the company, not amounting with the net interim earnings of the company to more than 4 per cent. per annum on the sums in respect of which the interest is paid, and may in like manner also pay out of capital any sums by way of interest on the capital for the time being, borrowed by the company under the provisions of section 41 of this contract. The moneys paid out of capital under this section may be charged to capital account as part of the original cost of construction.

44. In the revenue account shall be entered all such of the expenditure and receipts by or on behalf of the company in respect to its general undertaking contemplated by this contract, as are properly attributable to revenue, except so much of the expenditure last aforesaid as may under the section last hereinbefore contained be attributable to capital.

45. In any case where any question may or might arise as to whether any expenditure is to be treated in the whole or in part as a charge on capital or how the same is to be dealt with, the question shall be determined on the general principle that capital besides bearing the cost of the original construction and completion of the said railway, and the stations, station yards, offices, warehouses, houses for employes, fixed machinery, conveniences, and works

belonging thereto and of the original equipment of the said railway and its appurtenances, with rolling stock, plant and moveable machinery, and the cost of establishing any ferries which shall, with the approval of the Secretary of State, be established by the company during the continuance of this contract, for the accommodation of the traffic of the said railway, and of the original equipment of every such ferry with boats and fixed and moveable machinery and plant, and of the provision of every such roadway mentioned in the 36th section of this contract as shall be so provided with the approval of the Secretary of State, is to bear the cost of new works, of additional rolling stock, plant, boats and fixed and moveable machinery, and of substantial improvements of and additions to old works, rolling stock, plants and boats and fixed and moveable machinery, and that the cost of repairs, restorations, renewals, and replacements is to be charged to revenue account. No portion of the salary or allowances of any member of the permanent supervising or other administrative staff of the company accrued subsequently to the time when the said railway shall have been opened throughout for public traffic shall be charged to capital, although such member may have been employed partly or wholly in directing or superintending work which is so chargeable, and no expenses incurred by the company subsequently to the time when the said railway shall have been opened throughout for public traffic in connection with the engagement from England, or the passage from or to England of any person in the company's service shall be chargeable to capital unless such person shall have been specially engaged to carry out work chargeable to capital, and have been actually employed upon such work. All the expenses of the company properly incurred up to the time when the said railway shall have been opened throughout for public traffic, exclusive of working expenses attributable to such part of the said railway as shall for the time being have been opened for public traffic, but inclusive of all costs of and incidental to the formation and registration of the company, shall be chargeable to capital.

46. The accounts of the company in relation to its expenditure and receipts in India, England, and elsewhere, shall from time to time be audited on behalf of the Secretary of State as well as on behalf of the company, and the company shall produce to the auditors or auditor all vouchers, books, accounts, papers, and documents of the company necessary for the purpose of audit, and afford to them or him all facilities requisite for the performance of their or his duties. Amongst the functions of the auditors or auditor shall be included the duty of seeing that the revenue of the company is properly applied from time to time in discharging working expenses and keeping down the interest on the capital debt of the company. Any correction made in the accounts by any person or persons who shall be acting as joint auditors or joint auditor on behalf both of the company and of the Secretary of State shall be conclusive. If, consequent on the audit of any auditor acting exclusively on behalf of the Secretary of State, the Secretary of State shall require alterations to be made in the accounts and the company shall object to the alterations, the matter in difference shall be referred for final decision to two persons, one to be named by the Secretary of State and the other to be named by the company, and in case such two persons shall be unable to agree, then to a referee to be named by them the same two persons. The necessary costs of the audit shall be defrayed by the company and included in working expenses.

Working Expenses.

47. Working expenses shall include all costs and expenses incurred by the company in or about or in connection with the maintenance, management, and working of so much of the said railway as shall for the time being have been opened for public traffic, and the maintenance, management and working of any ferries for the time being open for public traffic which shall, with the approval of the Secretary of State, have been established by the company during the continuance of this contract for the accommodation of the traffic of the said railway, and the maintenance and management of any roadways on the traffic of which the company shall, pursuant to this contract, be for the time being entitled to charge tolls, also all costs and expenses in any portion of this contract stipulated to be included amongst working expenses, and, in general, all reasonable expenses proper to be allowed out of revenue in connection with the maintenance, management,

management, and carrying on of the undertaking contemplated by this contract to be established and carried on by the company. Neither any payment made by the company to any reserve fund established for any purpose, nor the cost of any force of police provided by the Secretary of State for the protection of any part of the said railway in course of construction, or of any ferry which shall not have been opened for public traffic, shall be included amongst working expenses, but the cost of such police shall be charged to capital as part of the cost of construction.

Miscellaneous Provisions.

48. The company shall not, during the continuance of this contract, without the sanction in writing of the Secretary of State first obtained, engage in or carry on or apply capital to any business other than the business provided by this contract to be carried on by the company, and business incidental or subsidiary thereto, or participate or co-operate with any person, company, or corporation in carrying on any business other than as aforesaid.

49. The company shall not, within the period of 12 calendar months immediately preceding the 31st day of December 1981, or if notice shall be given by the Secretary of State to the company conformably with the provisions hereinafter contained by or under which this contract will terminate on the 31st day of December 1912 or the 31st day of December 1932, within the period of 12 calendar months immediately preceding either one of the two days last aforesaid on which this Contract will terminate, sell or otherwise alienate any rolling stock, rails, fixed or moveable machinery, fixtures, boats, plant, articles, or other property belonging or appropriated to or to the working of the said railway or any part thereof, or to or to the working of any ferry which shall have been established by the company, or to or to the working of any roadways on the traffic using which the company shall be entitled under this Contract to charge tolls. If any property shall be sold or alienated by the company in contravention of this section the company shall forthwith pay to the Secretary of State the value of the property so sold or alienated.

50. The Secretary of State shall promote the passing by the Legislature in India of any Act or Acts which may be required to enable the company to carry into effect this Contract.

51. No claim shall be made upon the Secretary of State by the company for compensation in respect of the prejudicial effect upon the said railway or any ferry or roadway, to be established under this Contract, or the profits of the said railway, or of any such ferry or roadway as last aforesaid of any Act of the Indian Legislature of general applicability for the time being in force, and the company and its undertaking shall be subject to the provisions of every such Act as last aforesaid.

52. Any notice, determination, decision, direction, requirement, requisition, demand, appointment, certificate, expression of opinion, approval, or sanction to be given or signified on the part of the Secretary of State for any of the purposes of or in relation to this Contract, or any of the powers or provisions herein contained shall be sufficient and binding, if in writing signed by the Secretary of State, or one of his Under Secretaries, or by a Secretary of the Government of India, or by any other officer or servant authorised to act on behalf of the Secretary of State, in respect of the matters to which the same shall relate, and the Secretary of State shall not in any case be bound in respect of any of the matters aforesaid unless by some writing signed in the manner before mentioned in this section.

53. The registered office of the company shall at all times, during the continuance of this Contract, be situate in London or Westminster.

54. The company shall at all times during the continuance of this Contract keep an office established at some place in India, to be determined from time to time by the Secretary of State, and shall keep at the said office in India an authorised agent or committee of agency with whom the Secretary of State and the Government of India or other officer or officers deputed in that behalf may communicate on affairs concerning this Contract, and the duties and liabilities

of the parties hereto under this Contract, and to whom the Secretary of State and Government of India and such other officer or officers as last aforesaid may pay moneys for the use or on behalf of the company, and all drafts drawn and receipts given by the said agent or committee of agency, or under his or their authority on behalf of the company in relation to this Contract, or to any payment made or matter arising under or out of or by virtue of this Contract, shall be binding on the company, and every notice to be given to the company, save the several notices mentioned in the next succeeding section, shall be sufficiently given if left at the said office in India or personally served on the said agent or any member of the said committee of agency.

As to termination of the Contract and matters consequent thereon.

55. The Secretary of State may, by giving to the company in England not less than 12 calendar months' previous notice in writing of such determination (which notice is hereinafter referred to as "notice of purchase"), determine this Contract, either on the 31st day of December 1912, or on the 31st day of December 1932. Also, if the said railway shall not have been opened throughout for public traffic by the 31st day of December 1887, or if there shall be any breach on the part of the company (whether by act, omission, or default) of any of the stipulations or provisions of this Contract on the part of the company to be performed or observed, and the company shall fail to effectually remedy any such default or any such breach of any of the stipulations or provisions of this Contract, as previously in this section mentioned, within six calendar months after notice in writing to remedy the same shall have been given to the company in England by the Secretary of State, he may, on the expiration of the six calendar months last aforesaid, determine this Contract, by giving to the company notice in writing of such determination, hereinafter referred to as "notice of determination." And it is hereby declared that at the time at which this Contract shall terminate by efflux of time, or by or under notice of purchase or notice of determination, the company shall, without acquiring the right to any compensation or payment from the Secretary of State in respect thereof, except as hereinafter specially provided, deliver to the Secretary of State possession of all land of which he shall have given to the company possession under or for any purposes of this Contract (so far as not then already restored to the Secretary of State), together with the stations, station yards, offices, warehouses, houses for employes, machinery, conveniences, works, bridges (inclusive of roadways referred to in the 36th section of this Contract), rails, fixtures, and plant then erected or being on the land to be delivered up under this section, or in anywise belonging to the said railway or any part thereof, or to any ferry or ferries then established or in course of establishment under this Contract, and also to deliver to the Secretary of State all rolling-stock, moveable machinery, boats, plant, and articles belonging, or appropriated either as regards purposes of construction, or maintenance, or establishment, or working, or otherwise to the said railway, or any part thereof, or any of the works or adjuncts thereof, inclusive of any such roadways as previously mentioned in this section, or to any ferry or ferries then established, or in course of establishment, under this contract, and the then existing stock of stores appropriated, whether for purposes of construction, maintenance, establishment, working, or otherwise to the said railway, or to any of the adjuncts thereof inclusive, as last aforesaid, or to any part of the equipment thereof, or to any ferry or ferries then established, or in course of establishment, under this contract, or to any part of the equipment thereof, and all plans, books, surveys, sections, printings, writings, and documents whatsoever in anywise connected with, or with the construction or maintenance of the said railway, or any part thereof, or any of the works or adjuncts thereof inclusive, as last aforesaid, or with or with the establishment or maintenance of any such ferry as last aforesaid. And also deliver to the Secretary of State any telegraphs, telegraphic appliances, or other chattels belonging to the Secretary of State, and then in possession of the company, in relation to this contract. All the particulars mentioned in this section shall, at the time when the Secretary of State shall, under this section, become entitled to the delivery thereof, so far as not then already belonging to him, become his absolute property, free both as between the Secretary of State and the company, and the Secretary of State and the incumbancers from all incumbrances whatsoever created by the company, it being the
intention

intention of the parties hereto that the Secretary of State shall not be affected by any charge or incumbrance of any kind created by the company on any real or personal property which, during the continuance of this contract, shall be in the possession of the company, whether belonging to the Secretary of State or to the company. The rights of either party to this contract, as against the other party hereto in respect of the previous breach of any covenant herein contained, shall continue to subsist, notwithstanding the termination of this contract either by efflux of time, or notice of purchase, or notice of determination, and such termination shall not affect the right of either party hereto to require the payment of any unpaid money which, under the provisions of this contract, shall have become actually payable to or on behalf of him or it by the other party hereto.

56. In case this contract shall terminate by efflux of time, the Secretary of State shall, within four calendar months from the time at which this contract shall so terminate, pay to the company in London, out of the revenues of India such a sum of money as shall be the fair value of such rolling stock, moveable machinery and plant, boats and stores, belonging to the company as shall, pursuant to the section last hereinbefore contained, be delivered by the company to the Secretary of State (the said fair value to be determined by arbitration in case of dispute).

57. In case this contract shall terminate by notice of purchase, the Secretary of State shall, within four calendar months from the time at which this contract shall terminate, pay to the company in London, out of the revenues of India, a sum of money equal to twenty-five times the excess of the average yearly amount of the earnings of the company during the five years immediately preceding the time at which this contract shall terminate, over the average aggregate sum to which the working expenses of the company and share of surplus (if any) belonging to the Secretary of State under the 5th sub-section of the 39th section of this contract amount yearly during the same five years.

58. If this contract shall terminate either by notice of purchase or by efflux of time, the Secretary of State shall deduct from the moneys which would but for this proviso become payable to the company under either of the last two preceding sections, any amount owing to him by the company at the time of the termination of this contract. Also in case at the time when this contract shall terminate by notice of purchase, the said railway, or any ferry or ferries which shall have been established under this contract, together with the equipment of rolling stock, boats, fixed and moveable machinery, plant, and stores delivered to the Secretary of State by the company, shall not be in all respects in good working condition, and either in respect to quality or quantity commensurate with the expenditure of capital by the company in respect to the same premises, or in case at the time when this contract shall terminate by efflux of time the said railway, or any such ferry or ferries as before mentioned in this section, together with the equipment of fixed machinery and plant delivered to the Secretary of State by the company shall not be in all respects in good working condition, and either in respect to quality or quantity commensurate with the expenditure of capital by the company in respect to the same premises, the Secretary of State may deduct from the amount to become payable by him to the company under either such of the last two preceding sections as may ultimately come into operation the expenditure (to be ascertained by arbitration in case of difference) necessary to remedy the defects of condition and equipment, or such of them as may exist.

59. In case the Secretary of State shall determine this contract by notice of determination, he shall, within four calendar months from the time when this contract shall terminate, pay to the company in London, out of the revenues of India, the fair value of all such rolling stock, moveable machinery and plant, boats and stores belonging to the company as shall, pursuant to the previous provisions of this contract, be delivered by the company to the Secretary of State on the termination of this contract, and also the sum which shall at the time of the termination of this contract be the fair value of the said railway so far as constructed, and of the fixed machinery and plant belonging thereto, or to any ferries or ferry established, or then in course of establishment by the company, under this contract (exclusive, however, of all telegraphs and telegraphic machinery

chinery and plant), less the value at the same time of the sum last hereinbefore mentioned, treated as a reversionary sum absolutely payable on the 31st day of December 1981, the rate of interest employed in calculating the reversionary value to be 3½ per cent. per annum. The fair value of property for purposes of this section shall, in case of difference between the Secretary of State and the company, be ascertained by arbitration, and shall be calculated on the basis of the original cost thereof, and without reference to the profits earned by the undertaking of the company whilst worked by it, or to expectations of future profits to be derived by working the said railway or any ferry: Provided that the Secretary of State shall be at liberty to deduct any amount that may be owing by the company to him at the time of the termination of this contract from any moneys that may under the previous provisions of this section become payable by him to the company.

60. Any such clear balance of money as shall under the conjoint operation of the 56th and 58th sections of this contract, or of the 57th and 58th sections of this contract, or under the 59th section of this contract become payable by the Secretary of State to the company, shall carry interest in favour of the company at the rate of 4 per cent. per annum, to be computed from the time when this contract shall terminate down to the time of payment or tender of the clear balance by or on behalf of the Secretary of State to the company, and the Secretary of State shall pay to the company in London out of the revenues of India any interest accrued under this section in favour of the company, with the capital money in respect of which the interest shall have become payable.

Change of Currency.

61. If in any case not herein otherwise or specially provided for it shall be requisite to convert into Indian currency sterling money, or into sterling money Indian currency, the conversion shall be made at the average rate of exchange obtained by the Secretary of State for bills payable on demand drawn by him on India during the half-year ending either the 30th day of June or 31st day of December immediately preceding the half-year ending the 31st day of December or 30th day of June in which the conversion requires to be effected, or, if the Secretary of State shall not have drawn bills on India for so much as three months out of the half-year by reference to the rates of exchange obtained, during which the rate of conversion ought to be regulated, then at the average rate obtained during that half-year for the best commercial bills payable on demand drawn in London on India, such average rate to be decided by the Comptroller General at Calcutta.

Arbitration.

62. If any dispute, question, or controversy shall at any time arise between the Secretary of State and the company touching this contract, or any clause or thing herein contained, or the construction hereof, or any matter connected with this contract, or the operation of the same, or the rights, duties, or liabilities of either party in relation to the premises, then and in every such case the matter in difference shall, unless special provision shall have been made in this contract for the settlement of the matter, so in difference, be referred to two arbitrators or their umpire pursuant to and so as with regard to the mode and consequences of the reference, and in all other respects to conform to the provisions in that behalf contained in the Common Law Procedure Act, 1854, or any subsisting statutory modification thereof, and upon every such reference the arbitrators and umpire shall respectively have power to examine witnesses upon oath or affirmation, and either to fix, settle, and determine the amount of costs of the reference and award respectively, or incidental thereto, to be paid by both parties, or by either party, or to direct the same to be taxed either as between solicitor and client, or otherwise, and to direct and award where and by and to whom such costs shall be paid, and every or any such reference may be made a rule of Her Majesty's High Court of Justice or of the High Court of Judicature at Fort William, in Bengal, on the application of the Secretary of State or of the company, and either the Secretary of State or the company may instruct counsel to consent thereto for the other party.