THE

Madras Provincial Railway Company Limited

(Incorporated under the Indian Companies' Act VII of 1913)

Memorandum and Articles of Association.

PRICE ANNAS EIGHT

Printed by Jegam & Co., Dodson Press, Teppakulam, Trichinopoly.

CERTIFICATE OF INCORPORATION

OF

THE MADRAS PROVINCIAL RAILWAY COMPANY LIMITED.

No. I of 1917—1918.

I hereby certify that **THE MADRAS PROVINCIAL RAILWAY COMPANY LIMITE'** Trichinopoly is this day incorporated under the Indian Companies Act, 1913, and that the Company is Limited.

Given under my hand at Trichinopoly this Twenty third day of May, One thousand nine hundred and seventeen.

A. RAGAVACHARI,

Assistant Registrar of Joint Stock Companies.

THE
Madras Provincial Railway Company Limited,

(Incorporated under the Indian Companies' Act VII of 1913)

MEMORANDUM OF ASSOCIATION.

1. The name of the Company is **"The Madras Provincial Railway Company Limited."**

2. The registered office of the Company for the time being will be situate in Trichinopoly.

3. The objects for which the Company is established are all or any of the following (and in construing this Memorandum the scope of each of the following sub-sections shall be in no way limited or affected by the scope of any other of such sub-sections):—

(*a*) To acquire from the Government of India, Railway Department, Railway Board, the concession of constructing a branch line of Railway between Arantangi, the terminus of the Tanjore District Board Railway and Karaikudi, a junction station on the proposed Trichinopoly-Ramnad Railway project, all stations situated within the jurisdiction of the districts of Tanjore and Ramnad and the Native state of Pudukottai under the revised branch line terms contained in the Madras G. O. No. 27 Ry. of 16th January 1914 based on the Government of India, Railway Department Railway, Board's Resolution No. 457 R. P. dated Simla, the 14th November 1913 and to enter into and carry into effect, an agreement with the Secretary of State for India.

(*b*) To acquire from Government all lands in British India and Pudukkottai state, which are, in the opinion of the Government of India required for the construction of the Railway including land permanently or temporarily required for quarrying ballast, for brick fields, and other similar purposes.

(*c*) To work and develop all mining rights and possess and utilise the resources of all lands acquired by the Company.

(*d*) To construct, maintain, equip, work, improve and extend any new Railways, Tramways, Roadways, Stations, Warehouses, Buildings, Sidings, Lines of telegraph or telephone, or other mode of general communication in the manner best calculated to promote the interests of the company and in accordance with the law of the land or to carry out any one or more of these objects and in connection with or as conducive to the profitable use of any such Railways or Tramways, to build and maintain hotels and to manage the same directly or let on lease.

(*e*) To acquire or obtain concessions for any other line of Railways or Tramways in the Madras Presidency, to construct, maintain, work and extend the same.

(*f*) To purchase, take on lease, or otherwise acquire or accept permission to use any lands or any interests therein or any easements or rights connected therewith.

(*g*) To purchase, take on lease, or otherwise acquire or accept permission to use any Railway, Tramway, Roadway, Lines of telegraph and telephone, or other mode of general communication, or any interest in any of the same and to purchase or otherwise acquire all or any part of the undertaking and liabilities of any Railway Company, Tramway Company, Telegraph or Telephone Company, or Company for any other general mode of communication.

(*h*) To purchase, manufacture, maintain and hire plant, stores, machinery, rolling stock and other property necessary and convenient for the purposes of the Company.

(*i*) To purchase (either absolutely or for any interest therein), take on lease, acquire, accept permission to use, construct, improve, maintain, manage, or work any dock, harbours, piers, wharves, canals, aqueducts, reservoirs, irrigation works, embankments, quarries, mines, gas works, water works, iron works, factories, buildings, or other works.

(*j*) To purchase the good-will and business of any Company or Companies, person or persons, or body corporate or to enter into arrangements with any Company or Companies, person or persons, or body corporate or carrying on business jointly or otherwise or subject to any special conditions.

(*k*) To sell, improve, manage, develop trafficking, mortgage, exchange, let on rent, royalty, share of profits, or otherwise, grant licenses, easements, and other rights in respect of and over, and in any other manner deal with or dispose of the undertaking, and all or any of the property for the time being of the Company, and to divide the profits, arising from any such sale, trafficking, ord ealing, whether such profits shall consist either wholly or partially of cash or shares on any other property, as dividends or profits among the members of the Company.

(*l*) To convey passengers, merchandise, goods and chattels on any railways of the company; to take and levy tolls, rates and charges and generally to carry on the business of railroad carriers and warehousemen in all its branches.

(*m*) To enter into a contract or contracts with any other Company or Companies, person or persons, or body corporate for the construction, working and maintenance of any line of railway belonging to them or for which concession has been acquired or obtained by this company or by any other Company or Companies, person or persons or body corporate, or for manufacturing, commercial or other business undertaking arrangements or for any other service in relation to the development of the property of business of this Company.

(*n*) From time to time to divide among the members of the Company any interest earned by the Company.

(*o*) During the construction of any other Railway or Tramway from time to time to divide among the members of the Company any interest that may be earned by the Company from any other person or body of persons or from any Company.

(*p*) To acquire running powers, rights or easements over any Railway, Tramway, telegraphs, or telephones or other mode of general communication.

(*q*) To carry on the business of a telegraph and telephone Company in all their respective branches or Company for any other mode of general communication.

(*r*) To apply for, acquire, obtain or work any concession or contract from any Government, State, or other authority for or in connection with the carrying into effect any of the objects of the Company.

(*s*) To borrow or raise and take up money on any terms and conditions, and either upon the security of mortgage, charge, hypothecation or pledge of the undertaking, and all or any of the Company's property and rights, and all or any of the uncalled capital for the time being of the Company; and to issue debentures and debenture stock, and mortgage debentures and mortgage debenture stock.

(*t*) To make, accept, endorse and execute promissory notes, bills of exchange, and other negotiable instruments and to negotiate them.

(*u*) To invest the moneys of the Company, not immediately required, in such manner as may from time to time be determined.

(*v*) To amalgamate or unite with and absorb into the Company or buy up any other Company or Association, or the members of any other Company or Association, for objects similar, analogous, or subsidiary to any of the objects of the Company, or carrying on any

business capable of being conducted so as directly or indirectly to benefit this Company, and to form, promote, establish, and bring out or join and assist in the formation or establishment of any such company or association, and to acquire, hold, and deal with shares or interests therein, and to make sale lease, grant licenses of or dispose of to such other Company or Association, or to any other Company, person or persons the undertaking, or all or any part of the property of this Company, and to accept in full payment or part payment for the same cash or shares, debenture bonds or obligations of any such Company or Association.

(*w*) To make advances for the purposes of the Company on property of all kinds, either with or without the borrowers' personal security, and in particular to customers of, and persons having dealings with the Company.

(*x*) To enter into any agreement for sharing profits, union of interest, or corporation with any Government, State or other authority, or with any person or Company carrying on, or about to carry on, any business which the Company is authorised to carry on.

(*y*) To remunerate Financiers or persons or corporation for services rendered in or about the issue or placing of any shares, debentures, or other securities of the Company, a sum of commission not exceeding, 6 per cent on the paid-up capital.

(*z*) To establish, maintain, and manage a provident institution for the benefit of the servants of the Company after the Railway is opened for traffic and to take over the management of any such institution already established, whether the same may have been estabilshed or may exist for the benefit of the servants of the Company, or for any other persons, and to make contributions out of revenue towards the maintenance and objects of any such institution, and to make regulations from time to time for the management thereof.

(*aa*) To acquire by purchase or to take on lease or otherwise acquire or accept permission to use any land, with power to the Company to build on such land, houses and schools for the occupation and accommodation of the Officers and Servants of the Company, their families and children or otherwise and to maintain and manage the same.

(*bb*) To contribute towards the expenses of the construction, maintenance, and management of any such school and the education of the children therein, or in any other school attended by children of any Officers or Servants of the Company.

(*cc*) To grant out of revenue gratuities to the employees of the Railway for long, meritorious, faithful, efficient and continued service rendered by them.

(*dd*) To place, to reserve or to distribute surplus profits as dividend or profits among the members of the Company or otherwise to apply as the Company may from time to time think fit, any moneys received by way of premium on shares or debentures issued at a premium, and any moneys received in respect of dividends on forfeited shares and moneys arising from the sale by the company of forfeited shares or from unclaimed dividends.

(*ee*) To do all such other things as may be deemed incidental or conducive to the attainment of the above objects.

4. The liability of the members is limited to their respective shares.

5. The Capital of the Company is 12 lakhs of Rupees divided into 12,000* shares of 100* Rupees each, which may be varied or increased in the manner provided by the Articles of Association of the Company.

* As sanctioned under Resolution No. 3 of the Extra-ordinary General Meeting dated, 27th October, 1921 and confirmed by Resolution No. 2 of the Special Meeting dated, 26th November, 1921, (*i.e.*, 1000 Rupees Share converted to 100 Rupees Share).

6. **We,** the several persons whose names and addresses are subscribed, are desirous of being formed into a Company in pursuance of this Memorandum of Association, and we respectively agree to take the number of shares in the Capital of the Company set opposite our respective names:—

NAMES, ADDRESSES, AND DESCRIPTIONS OF SUBSCRIBERS.	NUMBER OF SHARES TAKEN BY EACH SUBSCRIBER.
1. S. Rm. M. Ct. Pethachi, Zemindar of Andipatti, Trichinopoly ...	Fifteen
2. M. AR. N. Ramanathan Chetty, Devakota	Ten
3. P. M. A. Muthiah Chetty, Kottaiyur	Five
4. Rm. M. St. Vyravan Chetty, Devakota	Five
5. N. Krishna Row, Secretary M. P. Railway, Trichinopoly ...	One
6. P. L. AR. M. S. Venkatachellam Chetty, Devakota	Five
7. M. AR. AR. Arunachallam Chetty, Devakota	Two
8. T. A. Soosia Pillay, Engineering Department, Trichinopoly ...	One
9. K. V. Rangaswami Aiyangar, Land holder, Srirangam, Trichinopoly	Five
10. V. K. Jaganatha Chettiar, Union Chairman, Inamdar and Taluk Board Member, Arantangi	Five
11. T. C. Sreenivasa Aiyangar, B. A., Retired Accountant, State Railways, Trichinopoly	One
Total Shares Taken ...	Fifty five.

Dated the 23rd day of May, 1917.

Witnessed to the above signatures:— Item Nos. 1, 9 and 11.

N. S. Thirumalachary B.A., *Trichinopoly.*

Witness to the signatures of subscribers Nos. 5 and 8.

S. Balakrishnan, Pleader, *Trichinopoly.*

For item Nos. 2, 3, 6 and 10.

T. V. Nagamiah Chetty, Clerk, M.P.Ry., *Trichinopoly.*

For Nos. 4 and 7.

P. L. Madhva Row, Clerk, M.P.Ry., *Trichinopoly.*

Jegam & Co., Dodson Press, Teppakulam Trichinopoly.

THE
Madras Provincial Railway Company, Limited

(Incorporated under the Indian Companies' Act VII of 1913)

ARTICLES OF ASSOCIATION.

1. PRELIMINARY

1. The regulations contained in table A of the first schedule to the Indian Companies' Act VII of 1913 shall not apply to this Company, except so far as the same are repeated or contained in these Presents.

2. INTERPRETATION

2. In these Presents, unless there be something in the subject or context inconsistent therewith:—

(*a*) **Company** means "The Madras Provincial Railway Company Limited."

(*b*) **Office** means the registered office for the time being of the Company.

(*c*) **Bankers** mean the Bankers of the Company in India for the time being appointed for receiving all deposits and moneys in connection with the Railway.

(*d*) **The Secretary of State** means the Secretary of State for India in Council.

(*e*) **Chairman** means a Director nominated, elected, or appointed by the Board of Directors or doing duty and entitled to the previleges as such as provided for by these articles.

(*f*) **Vice-Chairman** means a Director nominated, elected, or appointed by the Board of Directors, or doing duty and entitled to the privileges as such in the absence of the Chairman as provided for by these articles.

(*g*) **Managing Director** means a Director nominated, elected, or appointed by the Board of Directors or doing duty and entitled to the privileges as such as provided for by these articles.

(*h*) **First Chairman, First Vice-Chairman and First Directors** mean those who established the Company and qualified themselves as such within two months from the date of incorporation of the Company holding their respective offices.

(*i*) **Director** means a share-holder of the Company nominated, elected and entitled to the privileges as such as provided for by these articles.

(*j*) **Secretary** means the Secretary of the Company appointed by the Chairman with the approval of the Board of Directors or any person acting in that capacity.

(*k*) **Auditor** means the Permanent Auditor of the Company appointed by the Chairman with the approval of the Board of Directors.

(*l*) **Special Auditor** means the Chartered or Certified Accountant nominated, elected, or appointed, for the purpose at the first ordinary meeting of the year for auditing the accounts of the Railway as provided for by these articles and in accordance with the rules laid down in the Act.

(*m*) **Solicitors** mean the Legal Advisers appointed by the Board of Directors for furnishing legal advice in matters connected with the Railway.

(*n*) **Capital** means the capital of the Company for the time being raised, or authorised to be raised, for the purpose of the Company.

(*o*) **Shares** mean the shares into which the capital is or shall be divided and the interests corresponding to such shares.

(*p*) **Share-holders** mean the persons, District Boards and Municipalities, bodies Corporate or Incorporate, Temple, Mutt, Church or other charitable, religious, or social institution or endowment, duly registered as the holder from time to time of the shares of the Company.

(*q*) **Register** means the register of shareholders to be kept pursuant to Section 31 of the Indian Companies, Act VII of 1913.

(*r*) **Special Meeting** of the Board means a meeting other than the ordinary meeting of the Board confined to Directors only to discuss matters relating to the working of the Railway, whenever found necessary by the Chairman or the Secretary or on the written requisition of two members of the Board as provided for or authorised by these articles.

(*s*) **Ordinary Meeting** of the Board means the monthly meeting confined to Directors only to discuss matters relating to the working of the Railway as provided for or are authorised by these articles.

(*t*) **Ordinary General Meeting** is a meeting confined to share-holders who are eligible to vote as per Articles of Association for the purpose of election of Directors, reading the half-yearly Report and passing the Balance Sheet.

(*u*) **Extraordinary General Meeting** is a meeting to be convened by the Secretary or as provided for by these articles for any purpose other than the election of Directors and auditors, sanctioning a dividend, the consideration of the profit and loss account, the balance sheet and the ordinary report of the Directors and auditors.

(*v*) **Gross Earnings** mean the gross earnings to be derived from the working of the said Railway, rents of any building belonging to the Company and occupied by servants of the Company under the rules in relation thereto for the time being in force on Railway of a similar gauge in India or by others and which may be charged to the occupation of such buildings, tolls on bridges, and other sources of income which are treated as revenue on Indian Railways generally, but does not include either profits derived from the disposal of forfeited shares or transfer-fees or book-entries for the carriage of stores to be used in the maintenance or working in relation thereto respectively.

(*w*) **Net Earnings and Net Receipts** have the meanings attributed to them in clauses 123 and 124 of the Articles of Association.

(*x*) **These Presents** mean and include the Articles of Association of the Company from time to time in force.

(*y*) **The Seal** means the common seal for the time being of the Company.

(*z*) **Month** means the Calendar month according to the English Calendar.

(*aa*) **Writing** means any matter written, printed, typewritten or lithographed in part or whole.

(*bb*) **Words** importing the singular number include the plural number; words importing the plural number also include the singular number.

(*cc*) **Words** importing the masculine gender include the feminine gender.

(*dd*) **Words** importing persons include Companies, District Boards, Municipalities, Corporations, Musjids, Temples, Churches, Mutts or other charitable, religious or social institutions or endowments.

(*ee*) **The Act** means the Indian Railways' Act IX of 1890 and the Indian Companies' Act VII of 1913, according to context, and includes all Acts amending the same.

3. BUSINESS

3. The Directors shall forthwith enter into a contract with the Secretary of State for India and carry the same into effect with full power, nevertheless, at any time and from time to time to agree to any modification thereof. In carrying out and giving effect to the provisions of these Presents the Company and the Directors shall in all things abide by, conform to and give full effect to the provisions contained in the said contract so long as the same shall continue in force.

4. Any Branch or kind of business which by the Memorandum of Association of the Company or these Presents is either expressly or by implication authorised to be undertaken by the Company may be undertaken by the Directors at such time or times as they shall think fit and either alone or in connection with any Government or State or any other person, partnership or Company upon such terms as the Directors shall think fit, and further may be suffered by them to be in abeyance whether such branch or kind of business may have been actually commenced or not, so long as the Directors may deem it expedient not to commence or proceed with such branch or kind of business.

5. All business of the Company shall be done and accounts kept according to the English Official year.

6. All the books of the Company, proceedings, and other resolutions of the General Meeting and of the meetings of the Directors shall be recorded in English language.

7. The office of the Company shall be located at Trichinopoly but may be shifted to any suitable or convenient place as the Directors at any time may think fit.

8. The Company may, by special resolution, amalgamate its business with, or transfer it to any other undertaking company, person or persons or firm, or purchase or acquire the business and property of any other company, partnership or person upon such terms as may be agreed on in each case.

4. SHARES

9. The shares shall be at the disposal of the Directors and they may allot or otherwise dispose of them to such persons at such times and on such terms as they think fit. The Chairman of the Board of Directors shall proceed to allotment as soon as 50% of the shares in the initial capital of the Company is subscribed.

10. Every member shall, without payment, be entitled to one certificate under the seal specifying the shares held by him and the amount paid up thereon, provided that, in the case of joint holders, the Company shall not be bound to issue more than one certificate to all the joint holders, and delivery of such certificate to any one of them authorised to receive under these articles shall be sufficient delivery to all.

11. If two or more persons are registered as joint holders of any share, any one of such persons authorised or recognised to do so by these Articles may give effectual receipts for any interest, dividend, profit, or other moneys payable in respect of such share.

12. No person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or recognise any equitable, contingent, future or partial interest in any interest in any fractional part of a share or (except only as by these Presents otherwise expressly provided) any other right in respect of any share except an absolute right to the entirety thereof in the registered holder or holders thereof.

13. If any certificate shall be worn out or lost, it may be renewed on such evidence being produced as the Directors shall require; and in case of wearing out, on delivering up the old certificate, and in case of loss, on execution of such indemnity (if any) and on payment of all expenses of and incident to the investigation of the evidence of such losses, and in either case, on payment of such sum not exceeding eight annas as the Directors may from time to time require, the Directors shall issue a new certificate.

14. A person holding more than one certificate may at any time apply to the Directors to have all of them converted into one scrip, and the person holding the scrip may have it in the same manner at any time split up into separate certificates or scrips. A person desiring to consolidate several certificates into one scrip shall be liable to pay a fee of one rupee and a person desiring to have one scrip split up into separate certificates or scrips shall be liable to pay a fee of eight annas on any new certificate or scrip issued. The Directors of the Company can, without a reference to the general body, either consolidate certificates into scrips or split up scrips into certificates.

15. The Board of Directors on behalf of the Company shall arrange to pay out of the capital, to the promoting financiers in consideration of the trouble, inconvenience, loss of time, and other incidental expenses incurred by them from the date of commencement to the date of flotation of the Company either for financing the Company or agreeing to subscribe themselves or procuring or agreeing to procure subscriptions whether absolutely or conditionally for any shares in the Company, commission of not less than 5 but not more than 6 per cent, on the said capital or on so much thereof, when and as soon as all shares in the initial capital of the Company shall have been subscribed by the Public. The said commission shall cover all remuneration to the promoting financiers for their trouble and all expenses incurred by them on payment to brokers or other canvassers by way of commission or brokerage in relation to the placing of such shares, but excluding the amount expended by the promoting financiers by way of commission on stores, and the actual outlay incurred by them on behalf of the Company, on account of supervision of works and audit, and legal expenses, and expenses of advertising, printing, registration and stamp duty which shall be recoverable by them first and foremost without any reference to the Board of Directors from the first moneys realised on flotation. The promoting financier of the Company at present is M. R. Ry., S. Rm. M. Ct. Pethachi Chettiar Avl., M. R. A. S., the Zemindar of Andipatti, Trichinopoly

The Promoter of this Company, Mr. N. K. Row, shall, in consideration of the fact that he formed the Company in spite of its initial difficulties, and underwent considerable pains, inconvenience, loss of time and money in working for the promotion of this Company, approaching the Government of India and the Madras Government, requesting their sanction to construct the said Railway and handing it over to the Company in workable shape, receive from this Company out of the Commission authorised to be paid to the financier such consideration in money not more than ½ per cent on the nominal amount of shares as the financier may hereafter decide.

5. LIEN

16. The Company shall have a first and paramount lien and charge on all the shares (not being fully paid up) registered in the name of a member (whether solely or jointly with others) for all moneys due to the Company from him or his estate, either alone or jointly with any other person, whether a member or not, and whether such moneys are presently payable or not.

17. For the purpose of enforcing such lien the Directors may sell the shares at their option subject thereto in such manner as they think fit, but no sale shall be made until such time as the moneys due become presently payable, and until a demand notice in writing stating the amount due and demanding payment and giving notice of intention to sell in default shall have been served on such member or the person (if any) entitled by transmission to the shares and default in payment shall have been made by him or them for fourteen days after such notice.

18. Upon any such sale as aforesaid, the directors may enter the purchaser's name in the register as holder of the shares, and the purchasers shall not be bound to see to the regularity or validity of or to be affected by any irregularity or invalidity in the proceedings or be bound to see to the application of the purchase money; and after his name has been entered in the register the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

6. CALLS FOR SHARES

19. The Directors may, subject to the regulations of these Presents, from time to time make such calls upon the shareholders in respect of all moneys unpaid on their shares as they think fit, provided that no call shall exceed ¼ of the nominal amount of the share or shares, or be payable at less than one month from the last call; and each member shall (subject to receiving at least 14 days' notice specifying the times and places appointed by the Directors) pay to the Company at the time and places so specified the amount called on his shares.

20. A call shall be deemed to have been made at the time when the resolution of the Directors authorising such call was passed.

21. The joint holders of a share shall be jointly and severally liable to the payment of all calls in respect thereof.

22. If, before or on the day appointed for payment thereof, a call payable in respect of a share is not paid, the holder for the time being of the share shall pay interest on the amount of the call at the rate of 12 per cent per annum, from the day appointed for payment thereof to the time of actual payment, and which time might be fixed by the chairman, but the Directors shall have power to remit such interest or any part thereof if they think fit.

23. Any sum which by the terms of allotment of a share is made payable upon allotment or at any fixed date, shall, for all purposes of these Presents, be deemed to be a call duly made and payable on the date fixed for payment, and in case of non-payment the provision of these Presents, as to payment of interest and expenses, forfeiture, and the like, and all other relevant provision of these Presents, shall apply as if such sum were a call duly made and notified as hereby provided.

24. The Directors may, if they think fit, receive from any shareholder willing to advance the same all or any part of the moneys due upon his shares beyond the sums actually called up thereon, and upon the moneys so paid in advance, or so much thereof as exceeds the amount for the time being called upon the shares in respect of which such advance has been made, the Directors may pay or allow interest at such rate as may be agreed upon between the Directors and the Shareholders paying such sum in advance from the date on which the advance is made to the date on which such advance is appropriated towards calls, but any amount so for the time being paid in advance of calls shall not be included or taken into account in ascertaining the amount of the dividend payable upon the share in respect of which such advance has been made. No interest shall be paid on any sum below Rs. 100 nor after the last day on which the last call is due.

7. TRANSFER OF SHARES

25. Subject to the restrictions of these Presents any registered holder of shares may transfer all or any of his shares; but every transfer must be in writing in the common form or in such other form as the Directors may from time to time approve, and such writing must be left at the office of the Company, accompanied by the certificate of shares to be transferred and such other evidence (if any) as the Directors may require to prove the title of the intending transferer. The instrument of transfer of a share shall be signed both by the transferer and transferee, and the transferer shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of the members in respect thereof.

26. Shares in the Company shall be transferred in the following form, or in any usual or common form which the Directors shall approve :—

I, A.B. of........., in consideration of the sum of rupees.........paid to me (or recite the purpose or other consideration for the transfer) by C. D. of......(here-in-after called "the transferee"), do hereby transfer to the said transferee the share or shares numbered in the undertaking called the "Madras Provincial Railway Company Limited," to hold unto the said transferee, his heirs, legatees, executors, administrators and assignees, subject to the several conditions on which I held the same at the time of the execution thereof, and I, the said transferee, do hereby agree to take the said share or shares subject to the conditions aforesaid.

As witness our hands the......day of.........

Witness to the signatures, of etc.........

27. The Company shall provide a book to be called the register of transfers, which shall be kept by the Secretary under the control of the Directors and in which shall be entered the particulars of every transfer or transmission of every share.

28. The Directors, in their discretion, and without assigning any reason therefor, may refuse to register any transfer of any share on which the Company has a lien, or not and in the case of shares not fully paid up, may refuse to register a transfer to a transferee of whom they do not approve. The Directors may also suspend the registration of transfers during the 14 days immediately preceding the ordinary general meeting in each half-year. The Directors may decline to recognise any instrument of transfer unless—

(a) a fee not exceeding two rupees is paid to the Company in respect thereof; and

(b) the instrument of Transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Directors may reasonably require, to show the right of the transferer to make the transfer.

29. The Register of Transfers shall be closed prior to every ordinary general meeting of the Company, and at such other times (if any) and for such period as the Directors may from time to time determine, provided always that it shall not be closed for more than thirty days in any year.

8. TRANSMISSION OF SHARES

30. In the case of death of a shareholder, the survivor or survivors or nominee among the co-parceners if the deceased was a member of a joint Hindu family, his heir, legatee, the executor or administrators of the deceased in any other case shall be the only persons recognised by the Company as having any title to his shares; but nothing herein contained shall release the estate of a deceased shareholder from any liability in respect of any share held by him.

31. Any person becoming entitled to a share in consequence of the death or bankruptcy of any member, may, upon producing such evidence of title as the Directors shall require and subject as hereinafter provided for, either himself be registered as holder of the share or elect to have some person nominated by him registered as the transferee thereof.

32. If the person so becoming entitled shall chooses to be registered himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so chooses. For all purposes of these Presents relating to the registration of transmission of shares, such notice shall be deemed to be a transfer, and the Directors shall have the same power of refusing to give effect thereto by registration as in the case of a transfer, as if the event upon which the transmission took place had not occurred and the notice whereby the transmission is reported had not been received.

33. If the person so becoming entitled shall choose to have his nominee registered, he shall testify his choice by executing to his nominee a transfer of such share. The Directors shall have, in respect of transfers so executed, the same power of refusing registration, as if the event upon which the transmission took place had not occurred, and the transfer were a transfer executed by the person from whom the title by transmission is derived and the notice of transfer had not been received.

34. A person entitled to a share by transmission shall be entitled to receive, and may give a discharge for any interest, dividends, or profits, or other moneys payable in respect of the share; provided he is admitted as the legal heir by Directors but he should not be entitled to receive notices or to attend or vote at meetings of the Company or, save as aforesaid, to any of the rights or privileges of the members, unless and until he shall have become a member in respect of the shares.

9. FORFEITURE OF SHARES

35. If any share-holder fails to pay the whole or any part of any call on or before the day appointed for the payment thereof, the Directors may, at any time thereafter during such time as the call or any part thereof remains unpaid, serve a notice on him requiring him to pay such call or such part thereof that is due and remains unpaid, together with such interest (if any) at such rate, not exceeding 12 per cent per annum, as the Directors may think fit, and any expenses that may have occurred by reason of such non-payment.

36. The notice shall name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which such call or such part as aforesaid and all interest and expenses that have accrued by reason of such non-payment, should be paid. It shall also name the place where payment is to be made and shall state that, in the event of non-payment at or before the time and at the place appointed, the shares in respect of which such call was made will be liable to be forfeited.

37. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may, at any time thereafter, before payment of all calls, interest and expenses due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Where any person becomes entitled to such share by transmission and if, on receipt of notice to that effect as required by these Presents, he is found not entitled himself according to these Presents either to be registered himself as the holder thereof, or to nominate a person, the Company shall give a notice to him calling upon him to get himself so entitled within a period of 6 months thereafter and if he fails to do so before the expiration of 6 months, the share shall thereafter be forfeited by a resolution of the Directors to that effect.

38. When any share has been forfeited in accordance with these Presents, notice of the forfeiture shall forthwith be given to the holder of the share, or the person entitled to the share by transmission, as the case may be, and an entry of such notice having been given and of the forfeiture with the date thereof shall forthwith be made in the register of Members opposite to the share; but the provisions of this Article are directory only, and no forfeiture shall be in any manner invalidated by any omission or neglect to make such entry as aforesaid.

39. Notwithstanding any such forfeiture as aforesaid, the Directors may, at any time before the forfeited share has been otherwise disposed of, permit the share so forfeited to be redeemed upon such terms (if any) as they in their discretion shall see fit.

40. Every share which shall be forfeited shall thereupon become the property of the Company and may be either cancelled, or sold, or reallotted, or otherwise disposed of, either to the person who was before

feiture the holder thereof or entitled thereto or to any other person upon such terms and in such manner as the Directors shall think fit.

41. A shareholder whose shares have been forfeited shall, on a subsequent application made by him within 30 days after such forfeiture and before the same shall have been allotted or sold to any other person, be reinstated and in that case he shall be liable to pay to the Company all calls made and not paid on such shares at the time of forfeiture and interest thereon to the date of payment, in the same manner in all respects as if the shares had not been forfeited, and so satisfy all (if any) the claims and demands which the Company might have enforced in respect of the shares at the time of forfeiture without any deduction or allowance on the value of the shares at the time of forfeiture.

42. The forfeiture of a share shall involve the extinction at the time of forfeiture of all interest in and all claims and demands against the Company in respect of the share, and all other rights and liabilities incidental to the share as between the shareholder whose share is forfeited and the Company, except only such of those rights and liabilities as are by these Presents expressly saved or as are by the statutes given or imposed in the case of past members.

43. A statutory declaration in writing that the declarant is one of the Directors of the Company and that a share has been duly forfeited in pursuance of these Presents, and stating the time when it was forfeited, shall, as against all persons claiming to be entitled to the share adversely to the forfeiture thereof, be conclusive evidence of the facts therein stated; and such declaration together with a certificate of proprietorship of the share under the seal delivered to a purchaser or allottee thereof, shall constitute a good title to the share, and the new holder thereof shall be discharged from all calls made prior to such purchase or allotment and shall not be bound to see to the application of the purchase money, nor shall his title to the share be affected by any act, omission, or irregularity relating to or connected with the proceedings in reference to the forfeiture, sale, reallotment or disposal of the share.

10. CONVERSION OF SHARES INTO STOCK

44. The Company may at any time convert all or any fully paid up shares into stock or reconvert any stock into paid up shares of any denomination, and the power of conversion hereby vested in the Company may be exercised by a special resolution of shareholders in general meeting.

45. When any shares have been converted into stock, the several holders of such stock may transfer their respective interests therein or any part of such interest in such manner as the Company in general meeting shall direct; but in default of any such direction, then in the same manner and subject to the same regulations as and subject to which any paid up share may be transferred, or as near thereto as circumstances will admit.

46. The several holders of stock shall be entitled to participate in the dividends and profits of the Company according to the amount of their respective interests in such stock, and such interests shall, in proportion to the amount thereof, confer on the holders thereof respectively the same privileges and advantages for the purpose of voting at meetings of the Company and for all purposes as would have been conferred by shares of equal amount, but so that none of such privileges or advantages, except the participation in the dividends and profits of the Company, shall be conferred by any such aliquot parts of stock as would not, if existing in shares, have conferred such privileges or advantages.

47. All such provisions of these Presents relating to shares as are applicable to paid-up shares shall apply to stock, and in all such provisions the words "share and share-holders" shall include "stock" and "stock-holders."

11. INCREASE OF CAPITAL

48. The Company may, from time to time, whether all the shares for the time being authorised shall have been issued, or all the shares for the time being issued shall have been fully called up, or not, by special resolution increase its capital by the creation and issue of new shares, and such aggregate increase shall be of such amount and to be divided into shares of such respective amounts as the Company

by the special resolution authorising such increases directs.

49. Any new shares issued from time to time under the preceding paragraph may be issued (but, if and so far as any such issue may prejudice the rights of the holders of any shares previously issued and having a preference, or other special privilege, only with the sanction of such holders obtained in the manner provided by the next succeeding Article) with any such guarantee or any such right of preference, whether in respect of dividend or of repayment of capital, or both or any such other right of preference, whether in respect of dividend or of repayment of capital, or both, or any such other special privileges or advantages over any shares previously issued or then about to be issued, or at such premium or with such deferred rights as compared with any shares previously issued or then about to be issued, or subject to any such conditions or provisions, and with any such right or without any right of voting, and generally on such terms as the Company may from time to time by special resolution determine.

50. All or any of the rights or privileges belonging to any class of shares as may be provided for by the next preceding Article either in the winding up of the Company or at any other time, may be affected, altered, modified, or dealt with in any manner with the sanction of an Extraordinary resolution passed at a separate General Meeting of the members of that class. To any such General Meeting all the provisions of these presents shall *mutatis mutandis* apply but so that the necessary quorum shall be members of that class holding or representing by proxy one-tenth of the capital paid or credited as paid on the issued shares of the class

51. All new shares shall be at the disposal of the Board of Directors, and they may issue and allot them at such times and in such manner and upon such terms and to such persons as they may deem most advantageous to the Company.

52. Subject to any directions that may be given by special resolution under the powers in the Memorandum of Association or the presents herein contained, relating to the issue of new shares, any capital raised by the creation of new shares shall be considered as part of the original capital, and shall be subject to the same provisions with reference to the payment of calls, transfer, transmission, forfeiture, lien or otherwise, as if it had been part of the original capital.

12. ALTERATIONS OF CAPITAL

53. The Company may by special resolution so far modify the conditions contained in its Memorandum of Association as to do the following things or any of them :—

(*a*) Consolidate and divide its capital into shares of larger amount than they at present exist;

(*b*) subdivide the existing shares, or any of them, or divide its capital, or any part thereof, into shares of smaller amount than is fixed by its Memorandum of Association;

(*c*) reduce its capital in any manner authorised by the statutes.

54. Anything done in pursuances of the last preceding article shall be done in the manner provided by the statutes so far as they shall be applicable; and so far as they shall not be applicable, in accordance with the terms of the special resolution authorising the same; and so far as such resolution shall not be applicable, in such manner as the Board of Directors deem most expedient.

13. CONSTITUTION OF THE COMPANY

55. The actual working up of the Company shall vest in the hands of a Board consisting of a Chairman, a Vice-Chairman and Directors.

56. The Board of Directors shall consist of not less than 7 in number exclusive of the Honorary and Government Directors (if any) and shall not be more than 20 in number. The Board shall have supreme control over the business and management of the Company.

57. The present Board consists of:—

CHAIRMAN

*1. M.R.Ry. S. Rm. M. Ct. Pethachi Chettiar Avl., M.R.A.S., of Kanadukathan, Banker and Zemindar of Andipatti, Trichinopoly.

* This mark denotes the first Chairman.

VICE-CHAIRMAN

*2. The Hon'ble Mr. K. V. Rangaswamy Aiyangar, Land-Lord, Trichinopoly, and Member, Council of State for India.

DIRECTORS

*3. M.R.Ry. M.A.R.N. Ramanathan Chettiar Avl., Banker, Devakota.

*4. „ Rm. M. St. Vyravan Chettiar Avl., Banker, Devakōta.

*5. „ P. L. A. Venkatachellam Chettiar Avl., Banker, Devakota.

*6. „ A. L. A. R. Narayanan Chettiar Avl., Banker and Brother of the Zemindar of Devakota.

7. „ A. R. S. V. Kasivisvanathan Chettiar Avl., Banker, Nattarasankottai.

14. ROTATION OF CHAIRMAN, VICE-CHAIRMAN AND DIRECTORS

58. In consideration of the fact that the first Chairman, the first Vice-Chairman and the first Directors have established the Company suffering inconvenience, loss of time and money and taking considerable trouble to bring the scheme to a successful issue and that they understand best its initial difficulties, their term of office shall be life-long.

Other Directors of the Board shall hold office for three years dating from the filing of the Prospectus with the Registrar of the Joint Stock Companies. In case of a vacancy arising from death or resignation among the life Directors it shall be filled in the same manner as among other Directors, according to rules given below under sections 16 and 17.

59. At the end of the third year after the filing of the Prospectus with the Registrar of the Joint Stock Companies and at the first General Meeting of the year following one third of the number of Directors other than the life Directors shall retire and if their number be not three or a multiple of three, then the number nearest one-third shall retire from Office. The Directors that shall so retire shall be decided by casting lots. The general body shall then elect the requisite number of Directors to fill up the vacancies caused in the Directorate as stated above. A retiring Director is eligible for re-election.

* This mark denotes, the first Vice-Chairman and the first Dircetors.

15. QUALIFICATION OF DIRECTORS

60. The qualification of a Director shall be the holding in his own right solely, and not jointly with any other person, of at least fifty shares in the Company; and this qualification shall be required as well of the first Directors and as of all future Directors. The first Directors shall be bound to acquire their qualifications within 2 months of the incorporation of the Company. This Article shall not apply to the Honorary and Government Directors.

16. ELECTION OF DIRECTORS

61. Any person that is eligible to be a Director according to the preceding articles and is desirous of being elected as a Director shall have to send to the Secretary of the Company an application in writing signifying his intention to be so and supported by at least 2 Directors on the Board at least 14 days before the meeting at which the election of Directors is to take place.

62. At the meeting at which the election of Directors takes place the members present shall have to vote for the number of Directors to be elected at the meeting signifying their choice by writing the names of those they choose among the candidates that offer on a piece of paper supplied for the purpose; those that secure the largest number of votes shall be those that ought to be taken as duly elected. The order in which such election will have to be decided is thus:—He that secures the largest number shall be the first elected. He that secures the next largest number shall be the next elected and so on until all the vacancies are filled up.

63. In case two or more candidates secure an equal number of votes the Chairman of the Meeting shall have a casting vote.

64. A Director so elected shall continue in office only for three years.

17. ELECTION OF CHAIRMAN AND VICE-CHAIRMAN

65. As soon as the Directors are elected they shall as a body elect their Chairman and Vice-Chairman for the next term. None shall be eligible to be Chairman or Vice-Chairman unless he is a Director. Until such permanent Chairman or Vice-Chairman is elected, the Chairman elected temporarily for the purpose of that Meeting as provided above shall continue as Chairman.

66. Such of the Directors as are desirous of becoming the Chairman or the Vice-Chairman shall have each of their names proposed by a Director and seconded by another and the election shall be by ballot and be determined by the votes of the Directors other than the candidates. He that secures the largest number of votes for each office shall be declared to have been duly elected Chairman or Vice-Chairman. In the case of equality of votes the Chairman of the Meeting shall exercise his casting vote which he has in addition to his ordinary vote as a Director.

In case more than two names have been proposed to the office of Chairman or Vice-Chairman, the process of elimination shall be adopted by dropping each time the name of the person who has the least number of votes until only two names are left out for the final voting by Directors.

67. The Chairman or Vice-Chairman thus elected shall at once assume Office and continue in office for a period of 3 years from the date or for a less period as provided for in Article 72.

68. A Chairman or Vice-Chairman retiring shall be eligible for re-election.

18. DISQUALIFICATIONS OF DIRECTORS

69. The office of the Directors shall be vacated if the Director :—

(a) ceases to be a Director by virtue of section 85 of the Indian Companies' Act, 1913 ; or

(b) holds, or any partner of his, or the firm of which he is a member, holds, any other office of profit under the Company except that of Managing Director ; or

(c) is adjudged insolvent ; or

(d) is found lunatic or becomes of unsound mind ; or

(e) is concerned or participates in the profits of any contract with the Company ; or does anything against the interest of the company or conducts himself in such a way as to bring the Company into contempt or disrepute ; or

(f) is punished with imprisonment.

Provided, however, that no Director shall vacate his office by reason of his being a member of any Company which has entered into contracts with, or done any work for, the Company of which he is a Director; but a Director shall not vote in respect of any such contract work, and if he does so vote, his vote shall not be counted.

19. FILLING TEMPORARY VACANCY IN THE BOARD OF DIRECTORS

70. If a vacancy occurs in the number of Directors on the Board by death, disqualification, resignation or otherwise, then a new Director can be elected by the members only at the next half-yearly general meeting to be held of the members of the Company. Any interim casual vacancy occurring in the Board of Directors may be filled up by the Directors, but such Directors shall hold office only till the next half-yearly general meeting at which the election of Directors can under these articles be held or until his election is approved by the general body.

71. In case of death, resignation or disqualification of any of the Directors mentioned as first Directors in these articles, such vacancy can be filled up by the other Directors, standing on the Board who may elect, appoint or nominate any one to fill up the vacancy subject to the wish (if any) expressed by the retiring or dying Director but not so with regard to the disqualified one, and such nomination or appointment of the newly introduced Director shall continue to work only for the period unexpired by the retiring, dying or disqualified Director provided such nomination or appointment is approved at a general meeting.

72. In case the Chairman's or Vice-Chairman's place becomes vacant owing to any circumstances, his place can be filled up at the first meeting of Directors and by the Directors alone subject to the rules of election provided for such purposes in these articles. Such newly elected Chairman or Vice-Chairman shall continue in office only until the unexpired period of his term of office.

73. If, at any meeting at which an election of Directors ought to take place, the places of the retiring Directors or some of them are not filled up for any reason the retiring Directors, or such of them as have not had their places filled up, shall continue to be Directors until another meeting is held for filling up the vacancies.

74. The Company may from time to time in General Meeting increase or reduce the number of Directors, and determine in what rotation such increased or reduced number shall go out of office.

75. The Company may, at an extraordinary General Body Meeting resolve to remove any Director before the expiration of his period of office, and may appoint another qualified member in his stead ; but any person so appointed shall retain his office so long only as the Director in whose place he is appointed would have held the same if he had not been removed.

76. A Director may at any time resign his office on giving one month's previous notice in writing to the Secretary of his wish to resign, which, if not previously withdrawn by notice in writing given to the Secretary, shall, at the expiration of that period, be conclusive evidence of such retirement; provided nevertheless that no Director may resign if by his resignation the number of Directors would be reduced to less than the minimum number for the time being fixed by or in accordance with these Articles.

77. The continuing Directors at any time may act notwithstanding any vacancy in their body : provided always that in case the Directors shall be reduced in number to less than the minimum number for the time being fixed by or in accordance with these Articles, it shall be lawful for them to act as Directors for the purpose of filling up vacancies in their body, but not for any other purpose.

20. REMUNERATION OF CHAIRMAN VICE-CHAIRMAN AND DIRECTORS

78. *During Construction.* The Chairman shall get a sitting fee of Rs. 50 for each and every meeting at which he shall preside ; and the Vice-Chairman, or the Director presiding at any meeting during his absence shall also get the same remuneration for each meeting. The Vice-Chairman and other Directors except the Ex-officio Government Director attending the meetings shall each get a fee of Rs. 30 for every meeting. The Board shall also grant to any Director such remuneration as they think fit for any special services that may be rendered by him and all moneys so spent shall be met out of capital.

79. *After the Railway is opened for traffic.* The Chairman, Vice-Chairman and other Directors other than the Government Director shall be entitled to receive for their services such sum as the Board may from time to time think fit and such sum shall be charged against the revenues of the Railway. The remuneration payable under this Article shall be irrespective of any remuneration payable to the Managing Director.

21. POWERS & DUTIES OF CHAIRMAN, VICE-CHAIRMAN, DIRECTORS & SECRETARY

80. The Chairman shall appoint, promote, reduce, suspend and remove subject to the approval of the Board, all Officers of the company as he may consider necessary for the conduct of its business, and shall fix all remunerations, salaries, and wages to be paid by the Company.

81. The Vice-Chairman shall have all the powers privileges and rights of the Chairman during his absence either in a meeting of the Directors or in General body and he may exercise all such powers as may be delegated to him by the Chairman.

82. The following powers and authorities are expressly given to the Board of Directors but this article shall not be deemed to restrict in any way whatever the general powers conferred upon them by the foregoing articles :—

(a) To pay to the Financiers all such expenses of and preliminary and incidental to the promotion, formation, establishment and flotation of the Company as they think fit, and may exercise all such powers of the Company, and do on behalf of the Company all such acts as may be exercised and done by the Company, and as are not by the

Statutes or by these Presents required to be exercised or done by the Company in General Meeting; subject nevertheless to any regulations of these Presents, to the provisions of the Statutes and to such regulations being not inconsistent with the aforesaid regulations or provisions as may be prescribed by the Company in General Meeting; but no regulation made by the Company in General Meeting shall invalidate any prior act of the Board of Directors which would have been valid if such regulation had not been made.

(*b*) To receive on deposit, borrow, or otherwise raise and take up for the purposes of the Company, with the approval of the general body such sums of money as they shall from time to time think proper, at such rate of interest and upon such terms and with such conditions in favour of the lender as they may approve, and as security for any money so received, borrowed, or raised, they may mortgage or pledge all or any part of the Company's property (including its uncalled capital), and may issue under the common seal of the Company any bonds, debentures, debenture stock, bills, notes, or other instruments; and the lender shall not be bound to inquire as to the occasion of or necessity of the loan or the validity of the resolution of the Directors authorising the same; but every such mortgage or pledge and every such instrument as aforesaid under the common seal of the Company, and evidenced as hereinafter mentioned, shall in favour of the lender and every person claiming through him be in itself sufficient evidence of its own validity, and be conclusive on the Company notwithstanding any irregularity.

(*c*) To purchase, take on lease or otherwise acquire lands, buildings, houses, or other property in any part of India as may be required or deemed expedient for the business purposes of the Company.

(*d*) To sell, with the consent of a General Meeting, the whole or any portion or portions of the business good-will, rights and property of the Company, or the good-will of and the property appertaining thereto, any branch of its business either for cash or shares or otherwise and so that such shares or other consideration may be held by the Company, or distributed among the members in proportion to their respective holdings.

(*e*) To set apart, from time to time, out of net profits realised by the Company a sum of money to be determined by the Board of Directors in the respective half-years and to place the same to the credit of the Reserve Funds.

(*f*) To make such investments, by loans or otherwise, of the Reserve Funds of the Company, if any, upon such securities as the Board of Directors may think fit.

(*g*) To draw, accept, endorse and negotiate on behalf of the Company all cheques, notes, hundies, drafts Government and other securities as shall be necessary for enabling them to carry on the business of the Company.

(*h*) To open accounts with any bank or bankers or with any Company firm or individual or to pay money into and draw money from any such accounts from time to time as they may think fit. All moneys, bills, and notes received by the Company shall be paid to or deposited with the Company's bankers to an account to be opened in the name of the Company or (in the case of moneys, bills, and notes received) to an account to be opened in such name or names as they may from time to time appoint. Cheques on the Company's bankers in India, and all bills, notes, or other documents requiring to be endorsed in India, shall be signed or endorsed by the Chairman or Vice-Chairman or a Director countersigned by the Secretary.

(*i*) To exercise all the powers of the Companies' Seals Act and the instruments sealed therewith shall be signed by such persons as they shall from time to time appoint.

(*j*) To commence, institute, prosecute and defend all such actions and suits either at law or in equity, as may, in the opinion of the Directors, be necessary or proper to bring or defend on the part of the Company, and to compromise the same actions and suits or submit to arbitration as they in their discretion deem expedient, the Board of Directors for the time being or any person duly authorised by them being hereby empowered to make, give, sign and execute all and every warrant of attorney to sue or defend on behalf of the Company, and all and every submission to arbitration as may be requisite, and for the purposes aforesaid, the Board of Directors shall be empowered to use their names on behalf of the said Company, or the name or names of any other person or persons connected with the said Company.

(*k*) To pay to the Brokers of the Company out of capital a commission not exceeding 2 per cent on the F. O. R. or C. I. F. price of all stores, materials and Rolling stock purchased for the use of the Railway.

(*l*) To refer to private arbitration any question of dispute arising out of or connected with the general business or property of the Company, to compromise any debt or claim, and to give time to any debtor for payment of his debt.

(*m*) And in general, to do all acts, matters and things as may be deemed necessary, proper or expedient for carrying on the business and concerns of the Company.

22. MANAGING DIRECTOR

83. The Board of Directors may from time to time appoint one of their body to be Managing Director of the Company, either for a fixed term or without any limitation as the period for which he is to hold such office, and may from time to time remove him from such office and appoint another in his place.

84. A Managing Director shall not, while he continues to hold that office, be subject to retirement by rotation, and he shall not be taken into account in determining the rotation of retirement of Directors, but he shall, subject to the provisions of any contract between him and the Company, be subject to the same provisions as to resignation and removal as the other Directors, and if he ceases to hold the office of Director from any cause, he shall *ipso-facto* immediately cease to be a Managing Director.

85. The remuneration of a Managing Director shall from time to time be fixed by the other Directors and may be by way of salary, or commission, or participation in profits, or by all or any of those modes. The Board of Directors may from time to time entrust to and confer upon any Managing Director such of the powers and discretions excercisable under these Presents by the Directors as they may think fit, and may confer such powers for such time, and to be excercised for such object and purposes, and upon such terms and conditions, and with such restrictions, as they think expedient; and they may confer on him such powers, either collaterally with, or to the exclusion of, and in substitution for, all or any of the powers of the Directors in that behalf; and may from time to time revoke, withdraw, alter, or vary all or any of such powers.

23. SECRETARY

86. The Board of Directors may from time to time appoint any person to be Secretary of the Company, and he shall be a paid officer of the Company and his remuneration shall from time to time be fixed by them. Mr. N. K. Row shall be the first Secretary, and in consideration of the fact that he formed the Company, under-went considerable pains, inconvenience, loss of time and money and understands best its initial difficulties, his appointment shall be permanent and his term of office shall commence from the date of Registration of the Company.

87. The Board of Directors may from time to time entrust to and confer upon the Secretary such of the powers exercisable under these Presents by them as

they may think fit, and may confer on him such powers for such time and upon such terms and conditions and with such restrictions as they think expedient, and they may confer on him such powers either collaterally with or to the exclusion of and in substitution for, all or any of the powers of the Board of Directors in that behalf, and may from time to time revoke, withdraw, alter, or vary all or any such powers.

88. The Secretary shall appoint promote, reduce, suspend and remove all subordinates subject to the approval of the Chairman, manage and transact the ordinary regular business of the share-holders required under the Indian Companies' Act VII of 1913 and the Memorandum and Articles of Association. He shall also keep charge of the proceedings, books and correspondence of the Company, and exercise such other functions as he may be entrusted with by the Board of Directors.

89. The Secretary may at any time summon a meeting of the Board of Directors. Any two of the Directors may also summon a meeting of the Board by signifying his wish in writing to the Secretary, who shall on receipt of such notice proceed at once to call a meeting. Three days' notice shall be sufficient to summon a meeting of the Board of Directors for ordinary business, but in cases of urgency he may call a meeting on shorter notice too.

90. The Secretary may or may not necessarily be a share-holder, but if he holds shares, he may be eligible to become a Director of the Railway.

24. PROCEEDINGS OF DIRECTORS

91. The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit, and determine the quorum necessary for the transaction of business. Until otherwise determined, three Directors shall be a quorum. Questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes the Chairman for the time being shall have a second or casting vote.

92. At the request of two Directors, the Secretary may at any time summon a special meeting of the Directors by notice served upon the several members of the Board.

93. The Chairman shall preside at all meetings of the Board; if at any meeting the Chairman be not present within sixty minutes after the time appointed for holding the same, the Vice-Chairman shall preside at such meeting; but if at such meeting he be not present, the Directors present shall choose some one among them to act as Chairman of such meeting, and the Director so chosen shall preside at such meeting accordingly.

94. The Board of Directors may delegate any of their powers to a Committee consisting of such members of their body as they think fit. Any committee so formed shall, in the exercise of the power so delegated, conform to any regulations that may be imposed by the Directors.

95. A committee formed under the preceding article may elect a Chairman of their meetings. If no such Chairman be elected, or if at any meeting he be not present within thirty minutes after the time appointed for holding the same, the members of the committee present shall choose one of their number to be Chairman of such meeting.

96. Committees may meet and adjourn as they think proper. Questions arising at any meeting shall be determined by a majority of votes of the members present, and in case of an equality of votes the Chairman of the meeting shall have a second or casting vote.

97. All acts *bonafide* done in any meeting of Board of Directors, or by a Committee of Directors, or by any person acting as a Director, shall, notwithstanding it be afterwards discovered that there was some defect in the appointment of any such Directors or person acting as aforesaid, or that they or any of them were or was disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director.

98. The Chairman of the Directors shall cause minutes to be made in books to be provided for the purpose of :—

(*a*) all appointments, promotions, reductions and dismissals, etc., of officers made by the Chairman.

(*b*) entering the names of the Directors present at each meeting of Directors or of a Committee of Directors (and for this purpose every Directors present at every such meeting shall sign his name in a book to be kept for that purpose).

(*c*) all resolutions passed and proceedings had by and at all meetings of the Company and of the Directors and Committees of Directors.

99. Any such minute as aforesaid, if purporting to be signed by the Chairman of the meeting at which such appointments were made or such Directors were present, or such resolutions were passed or proceedings had (as the case may be), or by the Chairman of the next succeeding meeting of the Company or Directors or Committee (as the case may be), shall be sufficient evidence without any further proof of the facts therein stated.

25. THE SEAL

100. The Seal of the Company shall not be affixed to any instrument except by the authority of a resolution of the Board and in the presence of Chairman or Vice-Chairman or two of the Directors and of the Secretary, and the Secretary shall sign every instrument to which the seal shall be so affixed in their presence. If there be no Secretary, the signature of the said two Directors shall be sufficient, provided that the Chairman or Vice-Chairman or the Managing Director be one of them.

26. GENERAL MEETINGS

101. The first General Meeting shall be held at such time within six months after the registration of the Company and at such places as the Board of Directors may determine. Subsequent General Meetings shall be held twice in every year, at such time and place as may be determined by the Board of Directors.

102. The above-mentioned General Meetings shall be called Ordinary Meetings. All other General Meetings shall be called Extraordinary General Meetings.

103. The Chairman may call an Extraordinary General Meeting at such time and place as he thinks fit.

104. The Board of Directors shall call an Extraordinary Meeting whenever a requisition in writing, signed by members of the Company holding in the aggregate not less than one-tenth in amount of the capital then issued and paid up, supported by one of the Directors and stating fully the general nature of the business for which the meeting is proposed to be called, shall be delivered to the Secretary or left at or sent by post, to the office.

105. If the Chairman, within fourteen days after the delivery or receipt of any such requisition, do not issue notices calling a meeting in accordance therewith, for a day not more than 21 days after such delivery or receipt, the requisitionists, or any other members amounting to the required number together with the Director who supports them and holding the required amount of capital, may themselves convene an Extraordinary General Meeting for the business described in the requisition, to be held at such time three months after such delivery or receipt and at such place as they think fit.

106. In case, at any meeting called by shareholders under the last preceding Article, or by the Chairman in pursuance of any requisition under the 105th Article, any resolution requiring confirmation by a subsequent meeting is passed, and the Board of Directors do not within four days after the passing of such resolution duly convene a meeting according to the statutes for confirming the same resolution, so as to constitute it a special resolution, such meeting may, without any further requisition, be forthwith called by the requisitionists or any other shareholders supported by a Director entitled to make such a requisition.

27. PROCEEDINGS AT GENERAL MEETINGS

107. Fourteen days' notice at least (exclusive of the day on which the notice is served or deemed to be served, but inclusive of the day for which the notice is given), specifying the place, the day, and the hour of meeting, and in case of special business, the general nature of such business, shall be given in the manner hereinafter mentioned to such members as are under the provision hereinafter contained, entitled to receive notices from the Company. But the accidental omission to give such notice to, or the non-receipt of such notice by any member, shall not invalidate any resolution passed, or proceedings had at any such meeting.

108. All business shall be deemed special that is transacted at any Extraordinary General Meeting, and all that is transacted at an Ordinary General Meeting shall also be deemed special, with the exception of the election of Directors and Auditors,

sanctioning a dividend, the consideration of the profit and loss accounts and balance sheets, and the ordinary reports of the Directors and Auditors.

109. No business shall be transacted at any General Meeting unless a quorum is present when the meeting commences business. Not less than ten members personally present (irrespective of the number of shares any member may hold) shall be a quorum.

110. If within one hour from the time appointed for the holding of a General Meeting a quorum be not present, the meeting, if convened by or on the requisition of members, shall be dissolved. In any other case it shall stand adjourned to the day that may be fixed by the Chairman or Vice-Chairman or if both of them were absent the day will be fixed by either of them by giving 14 days previous notice and if at such adjourned meeting a quorum be not present within one hour from the time appointed for holding the meeting, then the members present shall be a quorum provided they are not less than 3 in number.

111. The Chairman, with the consent of any meeting at which a quorum is present, may adjourn the meeting from time to time and from place to place, as the meeting shall determine. Whenever a meeting is adjourned such notice of adjournment shall be given in the same manner as of an original meeting. No business shall be transacted at any adjourned meeting other than the business which might have been proposed to be transacted at the meeting from which the adjournment took place.

112. The Chairman of the Board of Directors shall preside at every General Meeting, but if at any meeting he shall not be present at the time appointed for holding the same, the Vice-Chairman of the Board of Directors shall preside at such meeting, but if the Vice-Chairman, also shall not be present at the time appointed for holding the same, the members present shall choose any Director, or if no Director be present to preside, the meeting shall not be convened.

113. At every General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands by a mojority of the members present in person and entitled to vote, and a declaration by the Chairman of the meeting that a resolution has been carried, or has been carried by a particular majority, or lost shall be conclusive, and an entry to that effect in the Minute Book of the General Meetings of the Company shall be sufficient evidence thereof, without proof of the number or proportion of votes recorded in favour of or against such resolution.

114. In case of an equality of votes on a show of hands the Chairman of the meeting at which the show of hands takes place, shall be entitled to a further or casting vote.

28. VOTES OF MEMBERS

115. Every person that holds a share shall be deemed to be a member of the Company and every member shall be entitled to a vote at the meetings, but in case one single individual member holds more than one share, he shall be entitled to only one vote up to 50 shares; in cases where a single individual member holds 50 or more shares, he shall be entitled to an additional vote for every completed fifty shares that he holds in the Company.

116. If any member be a lunatic, idiot or *non compos mentis*, he may vote by his committee, curator, bonis or other legal representative or curator, and such last mentioned persons may give their votes either personally or by proxy.

117. If two or more persons are jointly entitled to a share, then any person among them authorised by rest of them jointly by any writing for the purpose shall be the only person authorised to vote at the meetings. In the absence of any such authorisation, the person whose name appears first in the Register among the persons entitled to such shares shall be considered as the senior and he shall be the only person authorised to vote.

118. Votes may be given either personally or by proxy.

119. The instrument appointing a proxy shall be in writing under the hand of the appointer, or if such appointer is a corporation, under their common seal, (if any) and if none, then under the hand of some officer duly authorised in that behalf.

120. The instrument appointing a proxy shall be deposited at the office at least seventy-two hours before the time appointed for holding the meeting or any adjournment thereof (if any) at which the person named in such instrument proposes to vote; otherwise the person so named shall not be entitled to vote in respect thereof.

121. An instrument appointing a proxy may be in the following form, or in any other form which the Directors shall approve:—

THE MADRAS PROVINCIAL RAILWAY COMPANY LIMITED.

"I,...............of...............in the district of.............., being a member of the Madras Provincial Railway Company, Limited, hereby appoint.......... of..............as my proxy to vote for me and on my behalf at the (ordinary or extraordinary, (as the case may be) general meeting of the Company to be held on the...................day of ....and at any adjournment thereof".

Signed this...........day of.................

29. INTEREST, DIVIDEND AND RESERVE FUNDS

(*a*) *During construction.*

122. Subject to the law for the time being in force, payment of interest shall be made out of capital during the period which may extend to the close of the half-year in which the Railway shall have been opened throughout for public traffic, at the rate of 4 per cent per annum on the paid up capital of the Company.

(*b*) *After the lines are opened for traffic*:-

123. Out of the gross earnings to be derived from the working of the said Railway in each half-year, the Company shall pay the cost of working, managing and fully and efficiently maintaining, renewing and upholding the said Railway Stations, station yards, sidings, crossing places, bridges, viaducts, offices, ware-houses, houses for employees, rolling stock, fixed and moveable machinery, tools and plant, office furniture and equipments, convenience and works, and also the interest if any due on the debts incurred by the Company; and the remainder of such gross earnings for each half-year shall be the net earnings of the said half-year.

124. The net earnings of the said Railway as defined in clause 123 of this article, together with such interest as may accrue or have accrued during the half-year on the unexpended capital of the Company referred to in clause 159 of the Article hereinafter described, less such sum as may be payable by way of interest on debentures if any, shall constitute the net receipts of the Company.

125. Out of the net receipts deducting the sum set aside as Reserve Fund or funds as described hereunder the Board of Directors shall first pay interest not exceeding 5 per cent per annum on the paid up shares to the persons entitled thereto for the half-year in which interest is to be paid.

126. When the net receipts of the Company for any half-year do not amount to a sum sufficient to pay interest as aforesaid at the rate of 5 per cent per annum, the whole of such net receipts shall be applied for payment of interest to the shareholders.

127. If, in any half year during the continuance of the working of the Railway commencing from the first half year after the close of the period during which interest is payable out of Revenue under clause 125 whether interest under the said clause is paid or not, the net receipts of the Company shall not be sufficient to pay interest on the paid up capital of the Company, the Board of Directors shall pay to the shareholders from the Reserve Fund. If any available or from the capital itself as provided for interest payable during construction in addition to the net receipts of the Company for such half year, such a sum as shall with the net receipts make up an amount equal to interest for such half year at the rate of 4 per cent per annum on the paid up share capital of the Company.

128. When the net receipts of the Company in any half year shall exceed the minimum amount sufficient to pay interest on the paid up share capital of the Company at the rate of five per cent per annum, such excess shall be distributed among shareholders in the shape of dividends after deducting Government share (if any) as well as a certain portion for Reserve Fund or Funds to be determined by the Board of Directors.

129. The Board of Directors may before recommending any dividend, set aside out of the profits of the Company such sum as they think proper as a reserve fund or funds, which shall at their discretion be applicable for meeting contingencies, for

the gradual liquidation of any debt or liability of the Company, or for repairing or maintaining any works connected with the business of the Company, or by way of insurance against loss by fire or accident, or shall, with the sanction of a special resolution of the Company, be as to the whole or in part applicable for equalising dividends, or for distribution by way of profits among the members of the Company for the time being, on such terms and in such manner as the Company by special resolution shall from time to time determine.

130. The Board of Directors may, with the sanction of the Company in General Meeting, from time to time declare a dividend to be paid to or divide among the members in proportion to the number of their shares and the amounts paid up thereon otherwise than in advance of calls.

131. No dividend, instalment of dividend, or profits shall be payable or divisible except out of profits arising out of the business of the Company, or shall be of a larger amount than that recommended by the Board of Directors.

132. The Board of Directors may, if they think fit, from time to time determine on and declare an instalment to be paid to or divide among the members on account and in anticipation of the dividend for the current year.

133. The finding of the Board of Directors as to the amount or amounts of profit available for dividend payable to or divisible among the different classes of shareholders shall be conclusive.

134. Any interest, dividend, instalment of dividend, or profits payable in cash by the Company to a member in respect of a share may be paid by posting a warrant for the amount in a cover directed to the member at his registered address and at the risk of such member. Every such warrant shall be made payable to the member or his order at the Company's office or other appointed place of payment. Any warrant may be crossed before it is sent, and a crossed warrant shall be payable only through a bank, and the rights and liabilities of all persons in respect thereof shall be the same as if it were a crossed cheque on a bank. The Company shall be discharged from liability for the sum expressed in any warrant by payment according to any order for payment or endorsement thereon, purporting to be made by the payee therein named, and no person shall be entitled to payment of any interest, dividend, instalment of dividend, or profits for which a warrant shall have been so posted, except upon presentment of the warrant.

135. Any interest, dividend or profits in respect of any registered share, whether upon account or otherwise, shall belong and be payable to the member who shall be registered in the Company's register of members as the holder of such shares on the day on which such resolution declaring such interest dividend or profits shall be passed.

136. The interest and dividend shall be paid by means of warrant to all persons whose names appear on the register of shareholders on receipt duly signed by them or by any person legally authorised by them to do so. In the cases of shares held jointly by more persons than one, the person authorised by them jointly to vote at meetings as provided for above by these Articles shall be the person entitled to receive interest and dividend payable on such share or shares. In the absence of such authorization, the interest and dividend shall be declared by the Company to be payable to the person whose name appears first on the Register of the Company amongst the persons jointly entitled to such share or shares and he shall be the only person entitled to receive the same.

137. The Board of Directors may deduct from any interest dividend, instalment of dividend, or profits payable to any member all such sums of money (if any) as may be due and payable by him to the Company.

138. Notice of any dividend or profits that may have been declared shall be given in manner hereinafter mentioned to such members as are under the provisions hereinafter contained entitled to receive notices from the Company.

139. No unpaid interest, dividend, instalment of dividend, or pofits shall bear interest as against the Company.

140. No shareholder shall be entitled to receive any interest, dividend or profits, to be present or vote at any meeting, or to exercise any privilege as a member, until he shall have paid all calls for the time being due and payable on every share held by him, whether alone or jointly with any other person together with interest and expenses (if any).

30. ACCOUNTS

141. The Board of Directors shall cause true accounts to be kept by the Permanent Auditor of the Company :—

(a) of the assets and stock-in-trade of the Company ;

(b) of the sums of money received and expended by the Company and the matter in respect of which such receipt and expenditure takes place ; and

(c) of the credits and liabilities of the Company.

142 The Books of Account shall be kept at the office, or at such other place as the Directors shall think fit.

143. The Board of Directors shall from time to time determine whether, in any particular case or class of cases or generally, and at what times and places and under what conditions or regulations the accounts and books of the Company, or any of them, shall be open to the inspection of members; and no member shall have any right of inspecting any accounts or books or documents of the Company, except as conferred by statutes or authorised by the Board of Directors or by a resolution of the Company in General Meeting.

144. Once in every half-year, the Board of Directors shall lay before the Company in General Meeting a profit and loss account for the preceding half-year compared with the corresponding half of the previous year.

145. The statement so made shall show, arranged under convenient heads, the income and expenditure of the Company for the half-year. All expenditure made and liabilities incurred in the half year shall be brought into account, but any item of expenditure made or liability incurred may be distributed over several years, and only a portion be charged against the income of the half-year in which it was incurred, if the circumstances of the case make it fair and reasonable to do so.

146. The balance sheet shall be made out in every half-year and laid before the Company in General Meeting, and such balance-sheet shall contain a summary of the property and liabilities of the Company arranged under convenient heads.

147. A printed copy of such profit and loss account and balance-sheet, and of the Auditor's remark thereon, shall fourteen days previously to such meeting, be sent to such of the members as are entitled to receive notices from the Company in the manner in which notices are hereinafter directed to be served, but the want of compliance with this Article shall not invalidate any of the proceedings at the Meeting.

31. AUDIT

148. Once at least in every half-year the accounts of the Company shall be examined, and the correctness of the profit and loss account and balance-sheet ascertained by one or more Special Auditor or Auditors. The first Auditors shall be appointed by the Company at the first General Meeting. They shall hold office until the first Ordinary General Meeting of the next year. All subsequent Auditors shall be elected annually by the Company at the first Ordinary General Meeting held in each year.

149. If one Special Auditor only is appointed, all the provisions herein contained relating to Auditors shall apply to him.

150. The Special Auditors may be members of the Company, but no person shall be eligible as a Special Auditor who is interested otherwise than as a member in any transaction of the Company, and no Director or other officer of the Company shall be eligible during his continuance in office.

151. The Special Auditors shall retire at the first ordinary meeting in each year.

152. The remuneration of the Special Auditors shall be fixed by the Company in General Meeting.

153. Any Special Auditor shall be eligible for re-election on his quitting office.

154. Any casual vacancy or vacancies occurring in the office of Special Auditor or Auditors may be filled up by the Board of Directors; but any Special Auditor or Auditors so appointed shall only hold office until the next General Meeting of the Company, when he or they may be re-elected by the Company, or the Company may fill up the vacancy or vacancies by electing another Special Auditor or Auditors.

155. If no election of Special Auditors be made in the manner aforesaid, the Board of Directors may, on the application of not less than five members appoint a Special

Auditor for the current year, and fix the remuneration to be paid to him by the Company for his services.

156. Every Special Auditor shall be supplied with a copy of the profit and loss account and balance-sheet, and it shall be his duty to examine the same with the account and vouchers relating thereto.

157. Every Special Auditor shall at all reasonable time have access to the books and accounts of the Company. He may, at the expense of the Company, if so directed in General Meeting, but not otherwise, employ accountants or other persons to assist him in investigating such accounts, and he may in relation to such accounts, examine the Directors or any other Officer of the Company.

158. The Special Auditors shall make a report to the members upon the profit and loss account, balance-sheet, and other accounts, and in every such report may make any remarks thereon which they may think fit; and such report shall be read together with a report of the Board of Directors at the Ordinary Meeting at which it is presented.

32. FUNDS

159. With the exception of a small amount for current expenses, the whole of the funds of the Company shall be lodged in The Indian Bank Ld. Madras or such other place as may be fixed by the Board of Directors of the Company. No money shall be withdrawn from such place except by cheques to be signed by the Chairman and the Secretary or in the absence of the Chairman, by the Vice-Chairman and the Secretary or in his absence by one of the Directors and the Secretary.

160. No part of the funds of the Company shall be employed by the Board of Directors of the Company in the purchase or in loans upon the security of the Company's shares.

33. NOTICES

161. A notice may be served by the Company upon any member either personally or by sending it through the post in a pre-paid letter addressed to such member at his registered address as appearing in the Register of Members.

162. All notices directed to be given to the members shall with respect to any share to which persons are jointly entitled, be given to whichever of such persons is named first in the Register of Members, and notice so given shall be sufficient notice to all the holders of such share.

163. Every person who shall become entitled to any share by transmission shall, so long as such share remains registered in the name of the person from whom he derives title, be bound by any and every notice or other document which shall have been given to or left at the address of the last mentioned person, or would have been given had such last mentioned person had a registered address.

164. Any summons, notices, orders, or other documents required to be sent to or served upon the Company, or upon any Officer of the Company, may be sent or served by leaving the same, or sending it through the post in a prepaid letter addressed to the Company or to such Officer at the Office.

165. Any notice (required to be given to or served upon any member) shall if sent by post, be deemed to have been served at the time when the letter containing the same is likely to have reached in the ordinary course, and in proving such service it shall be sufficient to prove that the letter containing the notice was properly addressed and put into the post office.

166. A notice served in a manner aforesaid shall be deemed good service even if the party to whom it is addressed be dead unless express notice of his death shall have been given by his executors or administrators to the Secretary of the Company with the address of such executors or administrators, in which case a notice addressed by post in the manner aforesaid to the first named of his said executors or administrators shall be deemed sufficient service of the said notice in respect of the share or shares held by the deceased shareholder alone or jointly with others.

167. The special notice due under Article 36 shall be sent to the shareholder in acknowledgment due registered cover or in case of local service shall be delivered to the member on acknowledgment being taken from him in a peon book and such acknowledgment shall be conclusive evidence in proving the service of the notice.

168. In case of local delivery by a peon, if any shareholder declines to take any

cover containing notice, etc., and give acknowledgment therefor, the report of the delivery peon shall be filed and the cover sent to the member by post as provided in Article No. 161.

34. INDEMNITY

169. The Chairman, Vice-Chairman, Directors, Auditors, Secretary, and other Officers for the time being of the Company, and the trustees (if any) for the time being acting in relation to any of the affairs of the Company, and every one of them, and every one of their heirs, executors, and administrators shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, causes, charges, losses, damages, and expenses which they or any of them, their or any of their heirs, executors, or administrators shall or may incur or sustain by or by reason of any act done, concurred in, or omitted, in or about the execution of their duties or supposed duty, in their respective offices or trusts, except such (if any) as they shall incur or sustain by or through their own wilful neglect or default respectively; and none of them shall be answerable for the act, receipts, neglects, or defaults of the other or others [illegible] or for joining in any receipt for the sake of conformity, or for any bankers or other persons with whom any moneys or effects belonging to the Company shall or may be lc[illegible] deposited for safe custody or for ins[illegible]cy or deficiency of any security up[illegible]ch any moneys of or belonging to the Company shall be placed out or invested, or for any other loss, misfortune, or damage which may happen in the execution of their respective offices or trusts or in relation thereto, except the same shall happen by or through their own wilful neglect or default respectively.

35. REDEMPTION OF SHARES

170. The Secretary of State has the option to purchase the Railway at the end of 30 years from the date on which a project is declared open for through traffic, or at subsequent intervals of 10 years after the first 30 years, subject to the condition that at least one year's notice of the intention to purchase must be given. The price payable is to be 25 times the average net annual earnings during the three years preceding the purchase subject to a maximum of 120 per cent and a minimum of 100 per cent on the actual capital expenditure of the line at the time of purchase.

171. In addition to the option above mentioned the Secretary of State has the further option to purchase the line at any time after giving one year's notice in the following cases:—

1. If the Government consider it desirable to alter the gauge or,
2. If it is desired to convert the line into a line of through communication or,
3. If the Government desire to extend the line and the Company is unable or unwilling to provide the necessary capital.

172. The price payable in the event of purchase in either of these three above mentioned cases is to be 25 times the average net earnings during the three years preceding the purchase, or 115 per cent of the actual capital expenditure of the line, whichever may be the greater.

173. In case the Railway is purchased by the Secretary of State under any of the provisions of the preceding articles, the proceeds shall be distributed among the holders of shares *pro rata* deducting all expenses and charges legally payable before such distribution.

36. WINDING UP

174. The Liquidators upon any winding up may, with the authority of a special resolution, or in the case of a winding up by or under the supervision of the Court, with the approval of the Court, accept and take shares of any other company either already existing or to be formed for that purpose, as payment for the whole or any part of the property of the company, and distribute the same shares among the shareholders who shall, provided they are fully paid-up, be bound to accept the same, and shall not, whether they are paid-up or not, be entitled to have the value of their shares in this Company paid to them in money. If any shareholder shall decline to accept any of the share so to be distributed as aforesaid on the ground that the same are not fully paid-up, the share to which he would otherwise be entitled shall be sold in such

manner as the Liquidators may think fit, and the net proceeds of such sale shall be paid to such shareholder.

175. When any share is registered in the name of more than one person during the winding up, the Liquidators may make the warrant or cheque for any return or payment in respect of that share payable to the member whose name shall stand first on the Register of Members in respect of such share.

176. The Liquidators may send by post to any member at his registered address, and at the risk of such member, any warrant or cheque for any moneys which may become payable to him in the winding up.

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