

CONCERNS BOTH BRITISH INDIA  
AND INDIAN STATES.

Public Works (1897) Department.

G.O., No. 909. R

DATED 4<sup>th</sup> Nov. 1897

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X 9/11/97

[Despatch Abstract.]

Hyderabad - Godavari Valley Railway.

Govt. of India letter forwarding  
Copy of despatch from the Secretary of State  
~~with enclosures~~ regarding the contract  
which was executed between the H. & the  
Nizam's Govt. & the Nizam's Ry. Coy. for  
the construction & working of the —,  
recorded.

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5/11/97

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Government (1897) of Madras.  
PUBLIC WORKS.

*Spare copies*

**NOVEMBER.**

Government of India letter forwarding copy of despatch from the Secretary of State regarding the contract which was executed between His Highness the Nizam's Government and the Nizam's Railway Company for the construction and working of the —, recorded.

## GOVERNMENT OF MADRAS.

## PUBLIC WORKS DEPARTMENT.

## Railway.

Read the following paper :—

From the Under Secretary to the Government of India, Public Works Department (Railway Construction), to the Officiating Joint Secretary to the Government of Madras, Public Works Department, Railway Branch, dated Simla, 30th September 1897, No. 1637-R.C.

The undermentioned papers are forwarded to the Joint Secretary to the Government of Madras, Public Works Department, for information.

## ENCLOSURES.

From the Secretary of State for India (Lord George Hamilton), to the Government of India, dated 12th August 1897, No. 80 Ry.

Your Excellency's Railway letter, No. 30,\* dated the 17th March 1897, informed me that the negotiations between the Nizam's Government and the Nizam's Railway Company for the construction and working of the Hyderabad-Godavari Valley Railway had been satisfactorily concluded, and that the results of the negotiations had been embodied in a provisional agreement,† which was executed on the 16th day of December 1896, between the

\* 72 of R.C., April 1897, 26-75.

† 74 of R.C., April 1897, 26-75.

Nizam's Government and the Nizam's Guaranteed State Railway's Company.

2. I now forward, for your information, copy of the correspondence‡ with the Nizam's Railway Company, which has taken place in this country in connection with the railway scheme.

‡ Letter from Nizam's Railway Company, dated 16th March 1897.

Letter from do. dated 12th May 1897, and enclosure.  
Letter to do. dated 25th May 1897.  
Letter to do. dated 21st June 1897.  
Letter from do. dated 8th July 1897, and enclosure.  
Letter from do. dated 16th July 1897.

3. A copy of the contract, as executed on the 16th March 1897 by the attorney in London of the Government of His Highness the Nizam and by the Nizam's Railway Company, was forwarded for my approval by the

Company, and a copy of the same is now enclosed for your information.

4. It will be seen from the correspondence that I caused the Company to be informed that it must be clearly understood by both parties to the contract that the Secretary of State accepts no liability of any kind in respect of any engagement entered into by either of the contracting parties, or of any of the operations of the Company, and further, that it would not be competent to the Company to make any financial arrangement without the express sanction of the Nizam's Government and of the Government of India.

5. In accordance with your telegram of the 9th June, the Company were authorized to place on the market debentures for one million sterling at 3½ per cent. interest, and the Directors have reported that the loan has been successfully floated.

No. 1.

From W. G. HALL, Esq., Managing Director, London Board, His Highness the Nizam's Guaranteed State Railways Company (Limited), to the Under Secretary of State for India, dated 16th March 1897.

I am instructed to enclose the following papers :—

(a) Agreement between the Government of His Highness the Nizam and this Company, for the construction of a line of railway on the metre gauge, from Secunderabad to Munmad, on the North-Eastern Extension of the Great Indian Peninsula Railway, a distance of about 390 miles.

(b) Copy of a letter, dated 7th August 1896, from the First Assistant Resident, Hyderabad, to the Acting Agent of this Company in India, conveying the sanction of the Government of India to the project, subject to certain amendments in the contracts, which amendments have been made.

(c) Memorandum of the Public Works Secretariat of the Government of India on the project, and on the estimates submitted by Mr. George Pringle Rose, C.I.E., an officer of the Public Works Department of the Government of India, whose services were placed at the disposal of the Government of His Highness the Nizam for the purpose of making the necessary surveys and preparing estimates.

From the last paragraph of this memorandum, it will be perceived that the officers of the Government of India estimate the probable cost of the line equipped at Rs. 75,000 per mile.

2. In terms of clause 47, the contract is subject to ratification by Her Majesty's Secretary of State for India in Council, and by the members of this Company, and unless the contract be so ratified within six months from the date thereof, either party may, by notice in writing, withdraw from it.

3. Clause 20 of the agreement provides that the capital of the Company, for the purposes of the contract, shall be raised by an issue of redeemable mortgage debentures, bearing interest at such rate as shall be agreed upon between His Highness the Nizam's Government and the Company, and that such issue shall also be made in such manner, and at such time or times as may be agreed upon between the two parties to the contract.

4. Clause 22 limits the amount of the issue (in terms of article 20), to a total nominal sum not exceeding £2,500,000 and the same clause provides that on the capital from time to time issued, the Nizam's Government will pay an annuity, for a period of 20 years (from the completion and opening of the line throughout), at such rate of interest as may be agreed upon, and in addition a sum of 1 per cent. per annum, for 20 years to be applied to form a sinking fund for the redemption of debentures, prior to the expiry of the lease. The same clause stipulates that interest payable on capital during construction, and until the line shall be completed and open throughout, be paid by the Company out of capital, and added to the cost of the line.

5. Clause 7 provides that a lease shall (on the line being completed and open for traffic throughout) be granted by the Government to the Company, for a term equal to the remainder of the term of 99 years, agreed to be granted by the existing contract of 1883, between the Government and the Company. The lease of the projected line would therefore terminate about 1988.

6. The security to the holders of debentures is (as stipulated in clause 20) to be a first charge on the new line, and second charge on the existing line, and after the expiry of the 20 years, during which interest is guaranteed by the Nizam's Government, the interest payable to debenture holders is to form a first charge on the net earnings of the new line, and a second charge on the surplus net earnings of the old line, after the service of the existing debenture debt on the old line has been provided for. As an additional security (*vide* clause 44) for the due payment of the annuity, a sum of between £180 and £200,000 held by trustees in England as security for the payment of the annuity of the existing line, will be available, on the expiry of the Government's guarantee of annuity on that line.

7. Clause 30 sets out the manner in which the net earnings of the new line are to be disposed of.

8. In clause 41, the option is given to the Government of purchasing the line on certain dates, the first of which falls in the year 1914.

9. There are various other clauses in the agreement, practically identical with those in the contract of 27th December 1883, sanctioned by the Secretary of State, and I am to say that the now contract is, *mutatis mutandis*, to a great extent, based on the old one.

10. Mr. Rose's sterling estimate amounts to £1,844,407, which includes surveys, cost, and equipment of the new line, and cost of raising capital, but not interest during construction. The estimate is regarded by the Directors as ample, and they believe that the project can be carried out within a sum of £5,000 per mile. There are some elements of the estimate which cannot, at the moment, be fixed with exactitude, such as exchange and cost of issue, but the Board is of opinion that the provision made for these items is full.

R. C.,  
September  
1884,  
202-244, A.

R. C.,  
September  
1884,  
202-244, A.

11. With respect to the interest to be guaranteed by the Nizam's Government, the rate has not yet been decided, because it is to a great extent dependent upon the state of the London money market. Under no circumstances, however, in the opinion of the Board, will it be necessary to guarantee more than 4 per cent., exclusive of sinking fund, and it is hoped that the money may be obtained at 3½ per cent.

12. In accordance with an understanding come to between His Highness the Nizam's Government and the Company, the issue is to be placed in the hands of the National Provincial Bank of England, the London Bankers of the Government and of the Company, and so soon as the Bank is in a position to state what rate of interest it will be necessary to pay, in order to make the issue successful, the Secretary of State will be asked to sanction the same.

13. The Government of His Highness the Nizam, the Board of Directors, and Mr. Rose, are of opinion that, judging from the character and population of the country to be traversed, the line will, soon after it is opened, meet the charges of the debenture debt, and involve the Government of His Highness the Nizam in little or no responsibility for the guaranteed interest. The Government of India, it is also believed, take a favourable view of the prospects of the undertaking.

14. As regards the existing railway, its administrative expenses will be diminished, additional traffic will be brought to it by the new line, and it may also be reasonably hoped that in time there will be a credit from the net earnings of the new, to those of the old, line. The position of the present railway will therefore be improved. Moreover, the new line, should it hereafter be desired to link up the metre-gauge lines in Southern India with those in Northern India, will form an important part of the chain.

15. Under the orders, and at the expense of the Government of His Highness the Nizam and for the purpose of providing relief works during the prevalence of scarcity in His Highness' dominions, earthworks were started by that Government, under Mr. Rose's direction, some time ago, at various points on the projected line, and a sum of about 10 lakhs of rupees will shortly have been spent. Recently, moreover, at the request of the Government of India, the Bombay Government inquired whether, if works were begun by them at the Munmad end of the line, in British territory, the Nizam's Government and the Company would afterwards take these over at a valuation, but subsequently, it is believed, the Bombay Government did not find it necessary to carry this out as a relief work, considering it sufficient if the construction of the proposed railway was commenced. The suspension of the construction now in hand and consequent dispersion of the staff, would lead to great loss and inconvenience, and the funds provided by the Government of the Nizam will very shortly be exhausted.

16. I am directed therefore to say, that it is hoped the Secretary of State for India in Council will be pleased, on as early a date as possible, to sanction the contract, so that, when the money market is favourable, the Directors may be in a position to act.

17. The Contract has to-day been executed by the attorney in London of the Government of His Highness and by the Company.

18. Finally, I am to say, that should the Secretary of State desire any further information on the subject, the Board will be happy to furnish it.

## No 2.

From W. G. HALL, Esq., Managing Director, London Board, His Highness the Nizam's Guaranteed State Railways Company, Limited, to the Under Secretary of State for India, dated 12th May 1897.

With reference to paragraph 11 of my letter, dated 16th March 1897, I am directed to send you the enclosed copy of a letter, dated 7th instant, from the General Manager of the National Provincial Bank of England, Limited, stating the terms on which the Bank is prepared to make an issue of the debentures for the purposes of the proposed extensions.

2. The interest of 3½ per cent. referred to in the Bank's letter is the amount to be paid by way of return to the debentures holders. The Nizam's Government, in terms of Clause 22 of the Contract, have further to provide 1 per cent. per annum for the Sinking Fund.

3. In addition to the expenses of issue stated in Mr. Robinson's letter, there will be the costs of stamps on the debentures (10s. per cent. if to "bearer") and such sum as may be required for outlay on printing, advertising, etc. The total expenditure, including what the Bank requires, will probably not exceed 1½ per cent. on the nominal amount of the issue.

4. A telegram has been sent to the Government of His Highness the Nizam (which will doubtless consult the Government of India), giving the above details, and asking for a decision and reply, which I shall communicate to you, when received.

## ENCLOSURE IN No. 2.

From T. G. ROBINSON, Esq., Joint General Manager, National Provincial Bank of England, Limited, to W. G. HALL, Esq., Managing Director, London Board, His Highness the Nizam's Guaranteed State Railways Company, Limited, dated 7th May 1897.

Referring to your letter of 26th January last, and the several interviews with yourself and others, the Bank will be glad to undertake the issue of His Highness the Nizam's Guaranteed State Railways Company's debentures, for the construction of the new line, on the basis of the prospectus, which I return herewith (with sundry alterations for your consideration).

I have consulted with the brokers as to the best mode of making the issue, and they agree with me that 3½ per cent. stock at 92 or 93 per cent. would probably be taken up, but that it would not be desirable to offer more than £1,000,000 at the present time.

The cost of the issue (exclusive of advertising and printing) will be about £8,000, viz. :—

|                                                                        |       |
|------------------------------------------------------------------------|-------|
|                                                                        | £     |
| Commission to Bankers and Messrs. Hichen and Stewart                   | 5,000 |
| Stock Exchange brokers for commission on amounts obtained through them | 2,500 |
| Sundry expenses                                                        | 500   |
|                                                                        | 8,000 |

I shall be glad to hear from you, when all the necessary arrangements are made, and consents obtained, in order that the issue may be advertised before the close of the current half-year.

## No. 3.

From Sir HORACE WALPOLE, K.C.B., Under Secretary of State for India, to the Managing Director, London Board, His Highness the Nizam's Guaranteed State Railways Company, Limited, No. P.W. 614, dated 25th May 1897.

I am directed by the Secretary of State for India in Council to acknowledge the receipt of your letter, dated 16th March, submitting, for his approval, a copy of the contract between the Nizam's Government and your Company for construction of a metre-gauge railway from Hyderabad to Munmad, which was executed in London on the above date.

Subsequently to the receipt of your letter, a Despatch (dated 17th March) arrived from the Government of India, conveying their general assent to the result of the negotiations, as embodied in the contract between His Highness the Nizam's Government and His Highness the Nizam's Guaranteed State Railways Company of 16th March 1897.

Referring to the 11th paragraph of your letter, I am to observe that the rate of interest to be specified in sections 8, 9 and 40 of the contract must be left blank, until finally determined. The same rate as that which will be fixed for the mortgage debentures will be applicable to payments under those sections.

It must be clearly understood by both parties to the contract that the Secretary of State accepts no liability of any kind in respect of any engagements entered into by either of the contracting parties, or of any of the operations of the Company; and this should be clearly set forth in the Company's prospectus, and, further, that it will not be competent to the Company to make any financial arrangements without the express sanction of the Nizam's Government and of the Government of India.

## No. 4.

From Sir HORACE WALPOLE, K.C.B., Under Secretary of State for India, to the Managing Director, London Board, His Highness the Nizam's Guaranteed State Railways Company, Limited, No. P.W. 1075, dated 21st June 1897.

It appears from a telegram received from the Government of India that your Board have, through the Nizam's Government, requested sanction to place on the market debentures for one million sterling at 3½ per cent. interest, at an issue price not below 92, and probably from 93 to 94; and I am directed to inform you that the Secretary of State in Council sanctions the proposed arrangement.

Your Directors will bear in mind the intimation in my letter of 25th May as to the Secretary of State accepting no liability in connection with any operations of the Company.

## No. 5.

From W. G. HALL, Esq., Managing Director, London Board, His Highness the Nizam's Guaranteed State Railways Company, Limited, to the Under Secretary of State for India, dated 8th July 1897.

I am directed to enclose herein extract of a letter addressed to the Agent of this Company in India, dated 2nd instant, for communication by him to the Government of His Highness the Nizam. Copies of the telegrams referred to in the extract of letter are also enclosed.

The Secretary of State for India in Council is doubtless aware of the fact that an issue was attempted by the Bank of Bengal, Calcutta, on 7th June, of a loan of a crore of rupees for the Nizam's Government, and of the terms offered.

On the 11th June and subsequent days, the loan was advertised here by Messrs. Coutts & Co., as Agents for the Bank of Bengal, in *The Times* and other journals. The prospectus stated that the loan was offered under the sanction of the Government of India, a statement which, seeing that that Government was about to sanction the raising of funds for the construction of the Hyderabad-Godavari Valley Railway, surprised the Directors of this Company.

The Board considered it necessary to place on record its disclaimer of responsibility, should the issue for the railway not prove successful.

The Government of India has sanctioned the contract of 16th March 1897, and has intimated its approval of the terms on which it was proposed to raise the necessary funds.

The abortive issue of the rupee loan could not have been attempted without the sanction of the Government of India. It is therefore necessary that that Government should be informed of the protest which has been made to the Nizam's Government, and I am instructed to say that the Board hopes that the Secretary of State will be pleased to send to India copies of this letter and its enclosures.

## ENCLOSURE 1 IN No. 5.

EXTRACT from letter, dated 2nd July 1897, addressed to the Agent in India for the Railway Company.

Your messages of 1st and 2nd instant are the first intimations we have had of there being any difficulty with the underwriters of the Calcutta loan, and our message of to-day replies to your telegrams.

We cannot shut our eyes to the fact, that the action of His Highness' Government, and failure of the rupee loan, as well as the differences which have apparently arisen between the Government and the underwriters of that loan, may seriously affect our position, but it was too late to draw back, as the notices convening the meeting for 8th July were posted on 30th June and were in the hands of our shareholders on 1st July. After consultation with the Bank and the brokers the Board was advised it had no alternative but to go on, as to withdraw would have virtually postponed the issue for perhaps some years.

The Bank and the brokers having resolved some time ago, that it was unnecessary to underwrite the issue, overtures from various underwriters were declined, and to attempt to do so now would merely excite suspicion and result in failure. There is no other precaution which can be taken, and we must trust to the market.

The position in which the Bank and the Board find themselves is not of their own making, but they have been placed in it through the ill-advised action of the Nizam's Government and, although all that now can be done will be done to ensure success, the Bank and the Board desire to place on record their very strongest protest against being held liable, should any failure occur.

Further, as considerable expense has been and will be incurred, the Board must look to the Government to meet these expenses in case of the failure of the issue.

You will be good enough to furnish a copy of this, as well as of the Board's letter of 16th June (if you have not already done so), to the Government of His Highness the Nizam.

## ENCLOSURE 2 IN No. 5.

Telegram received from the Agent of the Railway Company in India on Thursday, 1st July 1897.

The Prime Minister of Hyderabad State wish us to advise you, rupee loan not at all successful, and serious difficulty with underwriters. Desirous of warning you. Take all necessary precautions.

## ENCLOSURE 3 IN No. 5.

Telegram received from India on Friday, 2nd July 1897.

Have ascertained applications for the loan are said to amount to only Rs. 5,00,000. Bank of Bengal, Calcutta, refuse disclose who are the underwriters. Hormusjee has been dismissed by His Highness the Nizam.

## ENCLOSURE 4 IN No. 5.

Telegram sent to the Agent of the Railway Company in India on Friday, 2nd July 1897.

Referring to your telegrams of 1st and 2nd July. Communicate the following to the Government of His Highness the Nizam:—The Board of Directors of His Highness the Nizam's Railways (and) National Provincial Bank of England complain should have been advised before of serious difficulty with underwriters. Warning arrived too late, the day after issue of notice to shareholders convening extraordinary general meeting of members of the Company (on) 8th July 1897. Cannot withdraw. The Board of Directors of His Highness the Nizam's Railways, the National Provincial Bank of England in the meantime will do their best in the matter.

## No. 6.

From W. G. HALL, Esq., Managing Director, London Board, His Highness the Nizam's Guaranteed State Railways Company, Limited, to the Under Secretary of State for India, dated 15th July 1897.

Issue of 1,000,000  $3\frac{1}{2}$  per cent. Debentures for the purposes of the Hyderabad-Godavari Valley Line.

I am instructed to acquaint you, for the information of the Secretary of State, that the list of applications for this issue closed to-day, and that the total amount applied for was 1,111,600*l*.

In telegraphing to the Agent of the Company in India last night the result of the issue, for the information of the Government of His Highness the Nizam, I requested him also to inform the Government of India.

The applications appear to be for the most part from persons likely to be permanent holders. The amount applied for shows that the price fixed for the issue was accurately estimated.

STAMP  
10/-

THIS AGREEMENT made the sixteenth day of March 1897, between Thomas George Robinson of The National Provincial Bank of England, Bishopsgate Street Within, in the City of London acting on behalf of the Government of His Highness the Nizam of the Hyderabad State of the one part and His Highness the Nizam's Guaranteed State Railways Company, Limited (hereinafter called the Company) of the other part.

WHEREAS this Agreement is intended to be supplemental to an Indenture, dated the 27th day of December 1883, and made between the Government of His Highness the Nizam of the 1st part, and the Company of the 2nd part being an Agreement for the construction and working of the New Railways therein mentioned from Hyderabad to Warungul and other places as therein mentioned to the intent and so that this Contract shall be read and have effect as if it contained a full recital of the said Indenture but it is intended that except in so far as any of the provisions of the said Indenture are expressly incorporated herein this Contract shall be entirely independent of the Contract contained in the said Indenture.

AND WHEREAS the Government of His Highness the Nizam is desirous that the new line of Railway hereinafter mentioned should be made in manner hereinafter provided within the territories of His Highness,

AND WHEREAS certain surveys, plans, drawings, specifications, schedules of quantities and estimates and reports have been prepared by direction of the Government for the construction and equipment of such new line or some part or parts thereof,

NOW THIS AGREEMENT WITNESSETH and it is hereby agreed and declared as follows:—

1. In this Contract the following expressions shall have the following meanings respectively if not inconsistent with the subject or context:

The "Government" means the Government for the time being of His Highness the Nizam and his successors and it shall include the Nizam and his successors.  
The "Agreement of 1883" means the said Indenture of the 27th day of December 1883.

Interpretation of terms.

"The existing line" means the lines between Wadi and the south-eastern frontier near Bezawada, including the Mineral Branch between Dornakal and Yellandu.

"The new line" means the new Railway, intended to be constructed under this Contract.

"The lines" means all lines for the time being forming part of the undertaking of the Company.

"Inspecting Officer" means an Inspecting Officer or Officers appointed by the Government and approved by the Government of India for the purpose of this Contract.

"Month" means calendar month.

Company to construct extension line.

2. The Company shall construct at the times and in manner and subject to the provisions hereinafter prescribed and contained a single line of Railway of the metre gauge about 380 miles in length, to extend from Hyderabad to Manmar and which shall be called or distinguished by the name of the Hyderabad-Godavari Valley Line of His Highness the Nizam's Guaranteed State Railways. The standard dimensions of fixed structures and rolling stock as laid down by the Government of India for the said gauge shall be strictly followed.

Government to deliver to Company surveys, plans, etc., to be adhered to as nearly as may be. Situation of stations, etc., to be approved by Government.

3. The Government shall at the time of execution of this Contract deliver to the Company all the said surveys plans, drawings, specifications, schedules of quantities and estimates and reports already prepared for the construction and equipment of the new line as aforesaid, and the same, subject to such alterations thereof and deviations therefrom as shall from time to time be agreed between the Government and the Company, shall be adhered to and adopted as nearly as circumstances will permit. The situation and extent of all stations, station yards, sidings, offices, warehouses, buildings, conveniences and appurtenances to be constructed in connection with the new line shall be subject to the approval of the Government.

The cost already incurred and to be incurred by the Government in relation to the said surveys, and all other surveys undertaken and carried out from the date on which the services of Mr. A. C. Newcombe were engaged for that purpose, and of all plans, drawings, specifications, schedules of quantities and estimates and reports prepared in connection therewith shall be ascertained and repaid by the Company to the Government and the amount thereof shall be a charge against the capital account of the new line within the meaning of Article 31.

Government to provide lands,

4. The Government shall after the definite selection of the route and direction of the new line, or of any part or parts thereof, and as and when required by the Company, provide free of cost to the Company the lands which shall be permanently or temporarily required for the construction of the new line or for the part or parts so selected and for the works connected therewith, and for the stations, station yards, sidings, offices, warehouses, conveniences, and appurtenances aforesaid, and shall give to the Company possession of the lands so provided. All land of which possession shall be so given which shall not be permanently required for the purposes of the Company shall, as soon as practicable, be delivered up by the Company to the Government. The Government will permit the Company to take, free from any royalty or other payment, such stone, sand, gravel, earth, brick, earth and local products suitable for conversion into lime and mortar, being respectively the property of the Government, as may be *bona fide* reasonably necessary for the purposes of the construction of the new line or any part thereof, provided that the same be taken only from such places within a convenient distance from the works as shall be agreed upon between an officer to be appointed by the Government on the one hand and the Company on the other hand.

and permit Company to take stone, sand, etc., for construction.

Company to complete construction within four years of obtaining possession of all the land.

5. The Company shall, on receiving possession of the lands provided under the last preceding Article, proceed with diligence in the construction, in accordance with the said surveys, plans, specifications and other documents (subject to such alterations thereof and deviations therefrom as aforesaid), of the new line, and of all such stations, station yards, sidings, offices, warehouses, conveniences and appurtenances as aforesaid, including all works necessary or expedient to secure their permanence, and for the protection of the same against injury by inundation or otherwise, and will complete the new line within a period of four years from the date of obtaining possession of all the lands for the same.

Company may on certificate of inspecting officer open portions of line for traffic, and shall open the whole on such certificate. During construction materials and works to be open to officer's inspection.

6. The Company may, from time to time, as often as an Inspecting Officer shall certify that any portion of the new line is fit for conveyance of passengers and goods, open the same portion for public traffic. And the Company shall open the new line for public traffic throughout and with a good and sufficient stock of engines, carriages, wagons, plant and machinery for working the same in conformity with the provisions of this Contract when and so soon as an Inspecting Officer shall have certified that the new line is complete and fit for the conveyance of passengers and goods throughout. During the construction of the new line all materials to be used and also an Inspecting Officer.

7. Upon the new line being completed and opened for public traffic throughout, the Government will free of all rents grant to the Company, if required by them, a lease of, or otherwise secure to the Company a right and title to so much and such parts of the land provided under Article 4 as shall be permanently required for the purposes of the Company and the railways and works constructed thereon, for a term equal to the remainder of the term of 99 years agreed to be granted by the Agreement of 1883 and the Government shall guarantee to the Company the right to and possession of such land as against any claimant, but shall not be called upon to show any title thereto.

Upon line being completed and opened, Government to grant Company lease of the land for term of Agreement of 1883.

The amount of all expenses to be incurred by the Government and by the Company in relation to the said lease (if any) shall be a charge against the capital account of the new line within the meaning of Article 31.

8. The Company shall keep the new line or so much thereof as shall for the time being have been opened for traffic and all the stations, station yards, offices, warehouses, conveniences and works thereto belonging, in good repair, and sufficiently supplied with engines, carriages, rolling stock, plant and machinery, and shall keep the whole in good working condition. The whole shall at all times be open to the inspection of an Inspecting Officer, and the Company shall afford to every Inspecting Officer all such facilities as may be reasonably requisite to enable him to perform his duties. The Company shall upon notice in writing from the Government forthwith execute all such works and do all such things as upon the Report of an Inspecting Officer shall be found to be necessary for keeping the new line in good repair and in good working condition, and sufficiently supplied as aforesaid. On receiving any such notice the Company shall with all reasonable speed execute and do the works and things to the satisfaction of an Inspecting Officer within a reasonable time, the Government may execute and do the works and things, or the portion thereof unexecuted by the Company, and for that purpose may from time to time enter upon any land or premises of the Company, and the Company shall on demand pay to the Government the money properly expended by the Government in executing such works, and if such moneys shall not be paid on demand the same shall carry simple interest as against the Company at the rate of £3½ per cent. per annum, to be computed from the time of demand for payment of such moneys until payment of the same.

The Company to keep the new line in good working order, and properly equipped.

Powers of Government in case of default by Company.

9. After the new line shall be opened for traffic throughout the Government may from time to time, upon the report of an Inspecting Officer, by notice in writing, require the Company to carry out at their own cost any reasonable alteration or improvement in or addition to the line, or in or to any stations, station yards, offices, warehouses, conveniences or works therewith connected respectively, which may be necessary for the safety of passengers or of the public, or for accommodation of increased or increasing traffic, and to supply such additional engines, carriages, rolling stock, plant and machinery as the Government may consider necessary. Such notice shall specify the alteration, addition or improvement required, and also shall in general terms describe the works to be executed for the purpose of carrying out such alteration, addition or improvement. On receiving any such notice the Company shall, with all reasonable speed, execute the works described therein, the Government providing (on terms similar to those on which land is to be provided under Article 4) any land that may be required for the purpose, and granting to the Company a lease of, or other title as aforesaid, to such land, for the period in article 7 mentioned, and upon the same terms. If in any case the Company shall fail to execute and complete the works to the satisfaction of an Inspecting Officer, and within a reasonable time, the Government may execute the works or the portion thereof unexecuted by the Company, and the Company shall on demand pay to the Government the money expended by the Government in executing such works, and if such moneys shall not be paid on demand the same shall carry simple interest as against the Company at the rate of £3½ per cent. per annum, to be computed from the time of demand for payment of such moneys until payment of the same. Provided, nevertheless, that the Company shall not be called upon to do or perform any work, or incur any expense, under this Article for which additional capital would be required, unless and until the Government shall have guaranteed such interest thereon, and for such period as shall enable the Company to raise the additional capital, the rate of such interest to be fixed by Agreement between the Government and the Company or in default of such Agreement by arbitration under the provisions in that behalf hereinafter contained.

Provision for additional works, rolling stock, &c., after opening of new line for traffic.

10. The Government may from time to time prohibit the Company from using any engine, carriage, wagon, vehicle, boat, machine, or appliance, of any kind whatsoever the use of which shall be declared by an Inspecting Officer to be attended with danger to passengers or the public, and the Government may, by taking possession of such engine, carriage, wagon, vehicle, boat, machine, or appliance, or by such other means as they shall think fit to employ, prevent the Company from using the same.

Government may prohibit use of condemned engines or plant.

11. The Company shall, unless hindered or prevented by accident or any other matter beyond their own control, cause at least one train daily to be run from either extremity of the portion of the new line which shall for the time being have been opened for traffic, to the other extremity of the same line and so as to afford reasonable convenience for the Post Office, either of the Government or of the Government of India.

Company to run at least one train per day from end to end of the new line.

Rates not to exceed (except by Agreement with Government) those of the existing line. Company to carry mails, guards, troops, &c.

12. The rates and fares to be charged by the Company for the carriage of passengers and goods respectively, over the new line, shall not, unless otherwise agreed between the Government and the Company, be in excess of the rates and fares from time to time prevailing on the existing line.

13. The Company will at all times convey free of charge on the new line and on any part thereof which for the time being shall have been opened for traffic, the mails and post office bags of the Government and of the Government of India, and the guards and other servants of the Post Office of either of such Governments in charge thereof, and also (when they are on duty) all officers and persons in the administration of the Post Office of the Government and of the Government of India. The Company will also at all times convey all troops and sailors in the service of the Government and of the Government of India when such troops are on duty, and all police officers, engineers, artisans and other persons when employed in the business of the Government or of the Government of India at rates calculated as follows, *viz.*, all commissioned officers and persons in a similar station in life in the service of the Government or of the Government of India shall be entitled to travel in first class carriages at second class fares; troops, sailors and artisans (under the rank of commissioned officers) shall be entitled to travel in second class carriages at the lowest fares, and all such other persons as aforesaid at the lowest fares. To every 100 men conveyed at the lowest fares two tons of luggage will be conveyed free of charge, and the persons entitled to travel first class will be allowed the ordinary amount of luggage taken by a first class passenger free of charge. The Company will also at all times convey all military establishments not hereinbefore specified, all horses and other animals used for military purposes, guns, ammunition, military stores, carriages, wagons, camp equipage and equipments and all public stores of what kind soever of the Government and the Government of India at the lowest rates for the time being ordinarily chargeable by the Company for the carriage of such animals, goods, merchandise and stores respectively. The several privileges of conveyance and carriage hereby stipulated for shall at all times be enjoyed and all other reasonable requirements of the Government or of the Government of India shall be complied with in preference to and with priority over the public use of the new line.

Company to carry Government bullion, &c., at special rates.

Electric telegraphs may be constructed by Government of India.

14. The Company shall convey gold and silver bullion and coin and copper coin belonging to the Government or to the Government of India and the persons in charge thereof at special rates, to be from time to time respectively agreed upon between the Government and the Company and between the Government of India and the Company.

15. The Government of India shall be at liberty to construct, maintain, use and work such electric telegraphs and telegraphic appliances as it shall think fit along the new line or any part or parts thereof; and it shall be lawful for the Government of India for such purposes to enter at all reasonable times, by its agents, workmen or others on the new line or any part thereof, and to erect, maintain, make, do and execute thereon all such buildings, machinery, works, acts and things not unnecessarily obstructing the working of the new line as it shall consider necessary or proper in relation to the construction, maintenance, use and working of the said telegraphs and telegraphic appliances. And the Government of India shall not, in respect to such matters or any of them, be subject to the control or interference of the Company.

All buildings, machinery, works and appliances erected or brought by or on behalf of the Government of India on the new line or any part thereof shall be and remain the property of the Government of India and shall be removable by it at pleasure.

The Company shall at all times furnish the Government of India with such free passes over the new line as they shall require for persons employed in or about the construction, maintenance, working or inspection of all electric telegraphs and telegraphic appliances hereinbefore referred to or any buildings or works appertaining thereto.

Government of India to construct telegraph for Company's use.

16. The Government of India has agreed to construct or provide such electric telegraphs and telegraphic appliances as the Company shall, with the approval of the Government of India, from time to time require for the purposes of working the new line, and to allow the Company to have the exclusive use (so long as they shall work the line) of such telegraphs and telegraphic appliances and to maintain the same in good repair and good working condition. The working of such last mentioned telegraphs and telegraphic appliances shall be exclusively in the hands of the Company and at their cost. But the Company shall observe the rules for the time being in force in the case of Indian State Railway telegraphs or such of the said rules as the Government of India may from time to time prescribe for their observance. And the Company will pay the charges of the Telegraph Department of the Government of India for rent, maintenance and inspection of the telegraphs and telegraphic appliances provided under this article for their use.

Materials, plant, &c., to be imported free of custom duties.

17. All materials, plant, engines, rolling stock, machinery and utensils required for the construction and equipment of the new line, or for the maintenance and working thereof shall be permitted to be passed and imported into the territories of the Government free of all customs, charges and import duties or other imposts.

18. The Government shall provide and maintain for the purposes of the new line such a force of police as the Company, with the approval of the Government, shall from time to time require, and also if the Company with the like approval shall require, a Railway Magistrate, which police force and Railway Magistrate shall be under the direction of the British Resident at Hyderabad, provided that in case of difference between the Government and the Company as to the extent of the force required for the preservation of law and order the determination of the question shall rest with the Government. The cost of providing and maintaining the whole force of police employed for the purposes of the new line and the salary of the Railway Magistrate, including all pensionary and gratuity charges, if any, shall be defrayed as follows (that is to say) three-tenths thereof shall be borne by the Government and the remaining seven-tenths shall be borne by the Company.

Government to provide police force and Railway Magistrate.

19. The Company and the new line and undertaking shall be subject to provisions as nearly as circumstances will admit of, and having regard to the provisions of this contract, similar to those contained in the "Indian Railway Act, 1890", and the "Telegraph Act of 1885" of the Indian Legislative Council, and, in any subsequent Acts affecting railways or telegraphs to be issued or hereafter passed by the Government of India; and the Government will pass an Act or Acts or issue an Edict or Edicts for the purpose of giving to the Company like powers to those contained in the said Acts of the Legislative Council and such further Acts or Edicts for facilitating the business and operations of the Company as the Company shall require and the Government shall approve.

Company to be subject to provisions of Indian Railway Act, 1890, and Telegraph Act, 1885.

20. The capital of the Company for the purposes of this Contract, shall be raised by the issue of redeemable mortgage debentures bearing interest at such rate and to be issued in such manner and upon such terms and at such time or times and as shall be agreed between the Government and the Company, such debentures shall constitute a first charge on the new line and a second charge on the existing line, and the interest payable on such debentures shall after the expiration of the guaranteed period mentioned in Article 22 hereof form a first charge on the net earnings of the new line and a second charge on the surplus earnings of the existing line after providing for the interest and Sinking Fund (if any) for the time being payable on so much of the debenture capital authorised to be created under clause 22 of the Agreement of 1883 as shall for the time being be outstanding.

Capital of Company for this Contract to be raised by redeemable Mortgage Debentures.

21. The Company will pay or cause to be paid into the National Provincial Bank of England, Limited, or other the Bank for the time being of the Company the said capital by instalments as and when the money is required for the purposes of this Contract.

Capital to be paid into Bank.

22. The interest which may from time to time accrue due and become payable in respect of the said debenture capital authorised by Article 20, or any part thereof during the construction of the new line, and until the same shall be completed and opened for public traffic throughout, shall from time to time be paid by the Company out of capital, and thereafter the Government shall for a period of twenty years, commencing from the time when the new line shall be so completed and opened, pay to the Company, in London, in sterling, by half-yearly payments, on every 1st day of January and 1st day of July, an annuity equal to interest for one year on the total nominal amount (not exceeding £2,500,000) of the debentures for the time being issued, in pursuance of Article 20 (but only to the extent to which the proceeds of such debentures shall have been paid to the credit of the Company with its Bankers), at such rate as shall have been agreed upon under the same article as the rate payable in respect of the said debentures, together with one per cent. per annum added to such rate for the Sinking Fund hereafter mentioned, and the Company shall apply the said annuity in payment of interest at the rate to be so agreed upon as aforesaid upon the amount for the time being paid up in respect of such debentures as last aforesaid, and carrying interest, and in providing a Sinking Fund at the rate of one per cent. per annum for redemption or reduction of the same debentures, in accordance with the provisions in that behalf hereinafter contained.

Government to pay to Company for 20 years annuity on the debenture capital, not exceeding £2,500,000.

23. The Company shall repay all moneys paid by the Government in respect of the said annuity, and (unless otherwise agreed) in respect of any guarantee of the interest under Article 9 and on all such moneys until repaid, the Government shall be entitled to simple interest at the total rate upon the basis of which the said annuity is payable under the last preceding Article accruing *de die in diem*, and calculated on the same moneys respectively from the respective dates of the payment thereof to the Company until repayment, but such moneys or any interest thereon shall not be repayable or payable to the Government, except so far as the Government shall become entitled to receive the same under the provisions of Articles 30 and 45. Provided, nevertheless, that the Government shall not be entitled to interest on any such part of any half-yearly payment of the said annuity or interest as shall be ultimately repaid to the Government out of or by means of the net earnings, as hereinafter defined, of the Company attributable to the half-year, in respect of which the same half-yearly payment of the annuity or interest shall have been made.

Company to repay Government annuity with simple interest at the same rate as annuity, subject to Articles 30 and 45. Provision as to interest on annuity paid in any half-year, and met from net earnings of the same half-year. Application of gross earnings.

24. All moneys received by or on account of the Company in India in respect of the working of the new line or any part or thereof which shall, for the time being, have been open for traffic, and all income in anywise received by the Company in respect of the undertaking carried on

by them under the provisions of this Contract (which said moneys and income are hereinafter collectively termed gross earnings), shall, in the first place, be applicable in payment of the working expenses as hereinafter defined of the new line in such manner that the working expenses of every half-year shall, as far as practicable, be borne by the gross earnings of the half-year, to which such working expenses are probably attributable, and the residue remaining from time to time at the end of each half-year, after debiting all unpaid working expenses incurred up to the end of such half-year, shall be deemed the net earnings of the new line for that half-year, and shall be dealt with accordingly.

25. The term "working expenses" shall mean and include the payment of all salaries and wages of the officials and employes of the Company, for the purposes of the new line, and all expenses of and incidental to the management, carrying on and working of the new line, including all costs and expenses incurred by the Company in and about the repairs and maintenance of the new line, with all stations, station yards, offices, warehouses, conveniences, junctions and works, engines, rolling stock, plant and machinery thereto belonging or therewith or thereon used, and all expenses of and incidental to the working and maintenance of any electric or other telegraphic or telephonic communication of the Company, in respect of the new line.

26. In the working expenses there shall be reckoned and included so much of the cost of providing and maintaining a Police Force and Police Magistrate for the purposes of the new line as is not hereby agreed to be borne by the Government, and any other moneys (whether in the nature of a payment towards a reserve fund or otherwise) which the Government and the Company may from time to time agree, or shall in case of dispute be determined by arbitration to be properly chargeable to working expenses. But no part of the cost of the original construction of the new line or any of the stations, station yards, offices, warehouses, convenience and works or of any additions to the same or either of them, or of the purchase (except by way of replacement or renewal) of any of the engines, rolling stock, plant or machinery belonging to or used with or on or provided for the new line, shall be included in the working expenses of the new line.

27. The Company shall keep a separate revenue account in which shall be entered all the gross earnings and the working expenses of the new line. The revenue account shall be made up half-yearly to the 30th day of June and the 31st day of December in every year, or to such other days as the Government and the Company shall from time to time agree and arrange.

For the purposes of this article the working expenses shall be taken to be the actual expenses incurred on the new line so far as such actual expenses can be determined from the separate accounts kept of the new line, together with a fair proportionate share of the Home and Indian General administrative and other charges for which separate accounts on each of the lines cannot be maintained. The shares so chargeable shall be regulated by the gross earnings of each line or such other factor as may be agreed upon between the Government and the Company from time to time, and this principle shall apply during the construction of the new line, except in so far as it is otherwise hereinafter expressly provided, the revenue account of the new line shall not be deemed to and shall not form part of the revenue account which is to be kept under the Agreement of 1883.

28. Subject to the provisions of this Contract, the Company and their accounts and affairs generally, so far as regards the new line, shall be subject to the reasonable and *bond fide* superintendence and control of the Government, and for better enabling the Government to exercise such control and superintendence, the Company shall record and keep in proper books for that purpose full and particular accounts of all their transactions and proceedings, including full and true minutes of all their meetings, meetings of Directors and correspondence, so as at all times to exhibit thereby fully and truly the state of their affairs and proceedings, and the Government and any person or persons appointed by them in that behalf shall, at all reasonable times, have free access to all the books, accounts, papers and documents of the Company except confidential correspondence between the Agent and the Board and communications between the Company and their Legal Advisers, and power to make copies of and extracts from the same, and for the purposes aforesaid, it shall also be lawful for the Government from time to time, to appoint an Official Director of the Company as a Member of the Board and from time to time, to remove him and appoint another, a vacancy on the Board being at all times reserved by the Company for such Official Director, and such Official Director shall not be subject to the provisions of Article 18 to 25 of the Articles of Association of the Company or any other articles which may hereafter be substituted in their place and he shall have all the powers of an ordinary Director and be entitled in all things to act as such, and to exercise at his discretion a right of protest on behalf of the Government in all proceedings whatsoever at Boards of Directors, except proceedings for the purpose of communicating with the Legal Advisers of the Company. Provided always that when any question, dispute or difference shall arise the same shall be referred for settlement through the British Resident at Hyderabad to the Government of India in their Railway Department, whose decision shall be conclusive and binding on both parties. Nothing hereinbefore contained shall authorize the Government to appoint or discharge any officer or servant of the Company except such Official Director as aforesaid.

No moneys shall be raised by the Company for the new line for capital or any other purpose without the previous sanction in writing of the Government.

29. Subject to the provisions of this Contract, all the expenses of the Company in relation to the new line shall from time to time be stated and submitted to the Government for their sanction and approval and as between the Company and the Government shall be allowed so far only as the same shall from time to time have been sanctioned and approved by the Government. PROVIDED ALWAYS that in case any dispute or difference shall arise between the Company and the Government regarding any item of expenditure which shall have been incurred or shall be proposed to be incurred, such dispute or difference shall be referred for settlement through the British Resident at Hyderabad to the Government of India in their Railway Department, whose decision shall be conclusive and binding on both parties.

30. Until the new line shall be completed and opened for public traffic throughout, the net earnings thereof shall be applied in the first place in or towards replacing any sum or sums paid by the Company in respect of interest on capital during construction under Article 22 hereof, and subject thereto shall be dealt with in the manner hereinafter prescribed with reference to net earnings after the new line shall be opened.

After the new line shall be completed and opened for public traffic throughout and so long as the Government shall be liable to pay the annuity under Article 22, the net earnings of the new line shall be dealt with as follows, that is to say:—The net earnings of every half-year shall be applied, in the first instance, in or towards repayment of the portion of the said annuity, and (unless otherwise agreed) any further guaranteed interest which shall have been paid in respect of the same half-year. And the residue (if any) of the said net earnings shall be applied in manner following, that is to say:—One moiety thereof or such part thereof less than one moiety as shall be sufficient for the purpose shall be applied in or towards repayment to the Government of such sum or sums of money as shall at any previous time or times have been paid by the Government to the Company in respect of the said annuity, or (unless otherwise agreed) any guaranteed interest, and not been repaid, and subject thereto, in or towards the repayment to the Government of any other sum or sums of money for the time being owing by the Company to the Government in respect of the new line; and the balance, if any, of such moiety of net earnings shall be paid to the Government and the Government shall be entitled to retain the same for its own use and benefit. And the remainder of such net earnings shall be added to, and dealt with (under Article 31 of the Agreement of 1883) as part of the net earnings of the Company in respect of the existing line.

And from and after the expiration of the period of the said annuity the said net earnings of the new line in each year shall be applied as follows, that is to say:—A sum equal to interest for such year at the rate agreed upon under Article 20 on such of the debentures issued under that Article as shall, for the time being, be outstanding, shall be retained by the Company and applied in payment of the interest on such debentures and the balance if any of the said net earnings shall be applied as follows, namely:—(One moiety thereof in or towards payment to the Government of any sum or sums of money for the time being owing by the Company to the Government in respect of the new line, or, if no monies shall for the time being remain due by the Company to the Government in respect of the new line, or, if such moiety shall exceed the amount for the time being due by the Company to the Government in respect of the new line, then the said moiety or so much thereof as shall be in excess as aforesaid, shall be paid to the Government and the Government shall be entitled to retain the same for its own use and benefit. And the remaining moiety shall be added to, and dealt with (under Article 31 of the Agreement of 1883) as part of the net earnings of the Company in respect of the existing line.

PROVIDED ALWAYS that the adjustment of accounts so far as it shall relate only to the division and appropriation for their own use and benefit of the said balance of the said net earnings between and by the Company and the Government respectively, shall take place at the end of every year instead of every half-year, that is to say, up to the end of December in every year. All moneys payable to the Government under this Article shall be paid in sterling at the current rate of exchange in London or in India in rupees as the Government may elect.

The Company's accounts of all receipts and expenses of the new line shall be audited for the Government by any person or persons appointed by the Government from time to time in that behalf, and the Company shall give every facility and assistance required for carrying out such audit to the satisfaction of the Government. The audit of the Government of the Company's accounts shall be on parallel lines and run concurrently with the audit of the Company. The Company's accounts of the capital expenditure incurred on or in connection with the new line shall also be audited for and on behalf of the Government by the person or persons to be appointed by the Government as aforesaid and the system of audit to be applied in this case will be such as may be necessary with regard to the system of disbursement and accounts that may be adopted and followed by the Company, and the Company shall give every facility and assistance required by the Government for such audit.

The revenue account referred to in Article 27 shall be regularly submitted by the Company to the Government, and may in case of any error being discovered therein be objected to within three months from the rendering thereof. Every such account shall, subject to any

in payment of working expenses residue being net earnings.

"Working expenses" defined.

Working expense to include Company's share of Police charges, but not original cost of construction or equipment of line.

Company to keep half-yearly revenue account.

Application of net earnings

during annuity to repayment of the sum paid in same half-year; not more than half residue to repayment of previous payments of annuity.

Remaining moiety to be dealt with under Article 31 of the Agreement of 1883.

After expiration of annuity a sum on debenture capital to be retained by Company. Of the balance one-half to Government, the other half to be treated as net earnings under Agreement of 1883.

Adjustment of accounts as to division of net surplus profits to take place at the end of every year. Revenue account to be submitted to Government for audit.

such objection and correction of error, be considered as settled at the expiration of the said period. All books and accounts of the Company and papers and correspondence relating to such accounts shall at all reasonable times be open to the inspection of the person or persons to be appointed by the Government for the audit as hereinbefore provided. Any reasonable expenses of and incidental to the audit on behalf of the Government (including the expenses incurred by the employment by the Government of any person for any purpose connected therewith) shall be paid by the Company and shall form part of the working expenses of the Company, and the statement of the Government of the amount of such expenses shall be conclusive.

Expenses of audit to be included in working expenses.

Capital expenditure as described to be agreed to or admitted by Government.

31. All interest paid on capital during construction and all other expenditure of the Company during or relative to the original construction and completion of the new line, with the stations, station yards, offices, warehouses, conveniences and works thereof, respectively, and relative to the cost of supplying the requisite engines, carriages, rolling-stock, plant and machinery shall, from time to time, be stated by the Company and submitted to the Government, and as between the Company and the Government such expenditure shall be allowed as capital expenditure so far only as the same shall from time to time be or have been previously agreed to or subsequently admitted by the Government or its representative.

Principle on which questions as to capital expenditure are to be dealt with.

32. If any question shall arise whether any expenditure incurred by the Company is to be treated in the whole or in part as a charge incurred on capital account, or how the same is to be dealt with, the same shall be determined on the general principle that capital is to bear the cost of new works, of additional rolling-stock, plant and machinery, and of substantial improvements of, and additions to, old works, rolling-stock, plant and machinery (including the cost of any temporary new work, the construction of which is requisite for the construction of a work properly chargeable to capital), and that the cost of repairs, restorations, renewals, or replacements, falls under the head of working expenses, and is not a charge incurred on capital account (provided that the expenses of maintenance or repair necessitated by causes other than fair or ordinary wear and tear if incurred within twelve months after the opening for traffic throughout shall be borne by capital). After the new line has been opened for traffic throughout no portion of the salaries or allowances of any of the Company's permanent supervising or other administrative staff shall be chargeable to capital, although for the time being employed partly or wholly in directing or superintending work so chargeable, and no expenses connected with the engagement or passage from or to England of any person in the Company's service shall be chargeable to capital unless such persons shall have been specially engaged to carry out work chargeable to capital, and been actually employed on such work, but, until the new line is opened for traffic throughout, all the expenses of the Company (including all costs and expenses of the Government and of the Company in relation to this Contract) shall be chargeable to capital.

Until opening of line throughout all expenses to be chargeable to capital.

Differences thereon to be decided by Joint Auditor or arbitration.

33. If any difference shall arise between the Government and the Company as to whether any expenditure incurred in any particular case to be treated as a charge incurred on capital account the matter in difference shall be referred to the decision of the Joint Auditor, if the Government and the Company shall have appointed such an officer, but in case a Joint Auditor shall not have been appointed, then the matter in difference shall be referred for final decision to the Company's Auditor or some other person, to be named by the Company and a person to be named by the Government, or in case of their being unable to agree to an Umpire to be named by them, and in the event of their failing to do so within fourteen days after the difference shall have been referred to them then the appointment of an Umpire may be made on the application of either party by the Government of India in the Railway Department. The costs of any such reference shall, unless the referees or referee shall otherwise direct, be treated as part of the working expenses of the Company.

Total capital expenditure of the new line to be stated and certified.

34. The Company shall enter all the expenditure allowed under Article 31 in an account to be called "The Capital Account," and when and so soon as the new line and all proper stations, station yards, offices, warehouses, conveniences and works thereof shall have been completed and provided with the necessary engines, carriages, works, rolling-stock, plant and machinery, the Government shall, by examination of such account, ascertain and certify the amount of the expenditure. If any further expenditure shall from time to time be made by the Company, or if any payment shall be made by the Company to reimburse the Government for and the Company that such expenditure or payment is properly chargeable to Capital, the same shall in like manner be entered in the capital account, and from time to time as occasion shall require the said capital account shall be made up and stated afresh, and the total amount of expenditure entered therein shall be ascertained and certified by the Government. In the said chased under expenditure entered in the said capital account under Article 31 or this present Article, and the Government shall from time to time, as may be necessary, ascertain and certify the amount of the excess of the expenditure entered in the capital account over the receipts entered therein.

35. The Company shall keep accounts and returns of its traffic in a manner similar to those required by the Government of India to be kept by the Indian Railway Companies whose undertakings are worked under the supervision of the Secretary of State for India, and in forms similar to those in which the like accounts and returns of traffic are required to be kept by such Companies, or in such other manner and form as the said accounts and returns shall for the time being be required by the Government of India, and the Company shall, at its own cost, render all accounts and returns of traffic required to be kept by it, under this section, to the Government at such times as the Government shall from time to time require. And the books and accounts of the Company shall be open to the inspection of the Government at all reasonable times.

Company to keep accounts and traffic returns similar to those required by Government of India.

36. The Government will use their best endeavours to obtain for the Company powers to form junctions with other Railways near to the new line and powers to run the trains of the Company on such other Railways upon reasonable terms and conditions, and will endeavour to obtain such powers for the Company with reference to any Railways that may hereafter be formed in the territories of the Government, if such railways be not constructed by the Company.

Government to endeavour to obtain powers for Company to form junctions with and running powers over other lines.

37. The Company will from time to time, upon the requisition of the Government or of the Government of India, make reasonable arrangements for the use of the new line for the passage of the engines and trains of other Railways for the interchange of traffic and rolling-stock thereof, and for the use of any of the stations of the Company, and for the accommodation of the traffic of other Railways, provided that all such arrangements shall be made subject to the payment of reasonable tolls and charges and under reasonable conditions and restrictions.

Company to make arrangements for use of its lines by other Companies in interchange of traffic, &c.

38. Every notice, direction, requisition, appointment, approval or certificate to be given or signed on the part of the Government or of the Government of India for any of the purposes of this contract shall be sufficient and binding if in writing signed by any duly authorised official of the Government, or as the case may be of the Government of India.

Signature of notices to be given by Government.

39. The Company shall at all times keep an office established at Secunderabad or Hyderabad as the Company may determine, and shall keep at such office an authorised agent or committee of agency with whom the Government may communicate on affairs concerning the new line. All drafts drawn and receipts given by the said agent or committee of agency, or under his or their authority on behalf of the Company, concerning the new line and the affairs thereof, shall be binding on the Company, and every notice to be given to the Company other than the notices mentioned in any of the several Articles hereinafter contained, which shall be served at the Company's registered office in London, shall be sufficiently given if left at the office first mentioned in this Article, or if personally served on the agent or any member of the said committee of agency.

Company to keep an office and authorised Agent or committee at Secunderabad or Hyderabad.

40. On the expiration of this Contract by effluxion of time, the land which shall have been provided for the Company under this Contract, so far as the same shall not have been previously delivered up by the Company, shall with the lines and all buildings, works and fixed machinery thereon not then already belonging to the Government revert to the Government free from all debts and charges whatsoever. But subject as to such part of such land and premises as are situate in British territory, to the terms upon which the same shall be held by the Company. The Company shall thereupon deliver to the Government all plans, surveys, sections, books, printings, writings, drawings and documents whatsoever in anywise connected with the new line and the affairs thereof and the Company shall sell and the Government shall purchase all engines, carriages, rolling-stock, plant and machinery, and stores, which on the expiration of this Contract shall be the property of the Company and used in working the new line, or in connection therewith, for such sum of money as shall be the fair value thereof for the purposes of the new line, the same to be determined in case of dispute by arbitration in manner by Article 46 provided in respect of the matters therein dealt with, and such sum of money with interest thereon at the rate of £3½ per cent. per annum, calculated from such expiration as aforesaid, until payment shall be paid in sterling by the Government to the Company in London within six months after the amount thereof shall have been determined.

On expiration of Agreement land, buildings and fixed works, &c., to revert to Government. Company to deliver to Government, plans, surveys, &c. Government to purchase engines, rolling-stock, &c., at fair valuation subject to arbitration, and bearing interest at £3½ per cent. per annum until paid.

41. It shall be lawful for the Government to acquire the new line with the stations, station yards, offices, warehouses, works, conveniences, engines, rolling-stock, plant, machinery and stores thereto belonging upon the 1st day of January, which shall be either in the year 1914, 1934 or 1954, upon giving 12 months' previous notice in writing to the Company in London of the intention of the Government to acquire the same, and, in case such notice of acquisition shall be given, the land provided for the Company under this Contract, so far as the same shall not have been previously delivered up, with the lines and all buildings, works and machinery thereon (not then already belonging to the Government) subject as to the land and line in British territory to the terms upon which the same shall be held by the Company, and all engines, carriages, rolling-stock, plant, machinery and stores used in working the new line, or

Powers to Government to purchase new line on 1st January, 1914, 1934, or 1954 on giving 12 months' previous notice and on paying amount of

Company's  
unredeemed  
Debentures.

in connection therewith, or appropriated thereto, shall on the said 1st day of January 1914, 1934 or 1954, as the case may be, and upon payment of the purchase money hereinafter mentioned for the same, become the absolute property of the Government, free from all debts and charges whatsoever, and the Company shall thereupon deliver to the Government all the engines, carriages, rolling-stock, plant, machinery and stores used upon or in connection with or appropriated to the new line and all surveys, plans, sections, printings, writings, drawings, and documents whatsoever in anywise relating thereto. The Government shall on the day on which the new line and other the premises mentioned in this Article shall, under this Article become the property of the Government, pay to the Company in London, in sterling, so much of the debenture capital mentioned in Article 20 as shall be then unredeemed. Provided always and it is hereby expressly agreed and declared that, if the Government shall exercise the right of acquiring the new line in the year 1914, then and in that case, the Government shall pay to the Company a bonus of 25 per cent. on so much of the debenture capital mentioned in Article 20 as shall be then unredeemed. Provided also that if the right to acquire the new line shall not be exercised in the year 1914, no bonus shall be payable in the year 1934 or 1954.

In case of  
breach of  
contract by  
Company,  
Government  
may give  
notice to ter-  
minate Com-  
pany's inter-  
est in the  
line. Unless  
the fault or  
breach reme-  
died Govern-  
ment may  
assume pos-  
session of  
line, &c.,  
paying to  
Company  
amount of  
capital un-  
redeemed.

42. In case of any breach on the part of the Company of any of the provisions herein contained, it shall be lawful for the Government, upon the report of an Inspecting Officer, to give to the Company in London six months' notice in writing of the intention of the Government to terminate the interest of the Company in the new line and works, and the land provided for the same, and unless the default or breach shall be made good or remedied prior to the expiration of the said six months, or such further period, if any, as shall be agreed between the Government and the Company, or determined by arbitration under Article 46, it shall be lawful for the Government on the expiration of the same six months, or such further period, as the case may be, and upon payment of the amount next hereinafter mentioned, to assume possession of the new line, works and land, and of the engines, carriages, rolling-stock, plant, machinery and stores as to such part of such line and works as are in British territory to the terms upon which the same shall be held by the Company. And in case of such possession being assumed, the Government shall pay to the Company in London in sterling so much of the debenture capital mentioned in Article 20 as shall be then unredeemed.

Upon termi-  
nation of  
Company's  
interests pro-  
visions of  
contract to  
cease. But  
Government  
may deduct  
any unexpen-  
ded capital  
from moneys  
payable by it  
to Company.

43. Upon the Government acquiring the right of possession of the new line and the interest of the Company in the same terminating under any of the three Articles last hereinbefore con- tained, the obligations of the parties hereto under any of the provisions of this Contract (save the provisions in such three Articles) shall as to any future operation thereof cease. But it shall be lawful for the Government out of any moneys payable by them to the Company under any of such Articles, to deduct the amount (if any) of money in the hands of the Company, representing capital sanctioned by the Government but remaining unexpended.

Guarantee  
Fund under  
Agreement  
of 1883 and  
subject there-  
to to secure  
payment of  
annuity  
under this  
Contract.

44. And it is mutually agreed that the sum of £200,000 referred to in Article 46 of the Agreement of 1883 and the investments for the time being representing the same and the income thereof shall, subject to the terms and conditions of that Article, be held by the Trustees therein mentioned to secure the punctual payment of the said annuity payable by the Government to the Company under Article 22 hereof.

Balance of  
annuity under  
Article 22 to  
be paid to  
Trustees,  
during period  
of annuity  
for invest-  
ment in sink-  
ing fund for  
redemption of  
debenture  
capital,  
and after  
expiration of  
annuity for  
such redemp-  
tion subject  
to terms of  
issue of the  
said capital.

45. The balance of the annuity to be paid by the Government to the Company in pursuance of Article 22 from time to time remaining in the hands of the Company after each half-yearly payment of the interest specified in that Article, shall be immediately paid over by the Company to the Trustees mentioned in Article 44.

The said Trustees shall, during the period of 20 years mentioned in Article 22 invest all moneys received by them in respect of such balance of the said annuity in manner mentioned in Article 44, paragraph (A) of the Agreement of 1883 and shall hold the stocks, funds and securities on which the said moneys shall be invested, and the accruing interest and dividends thereof, in trust to be accumulated and to form a sinking fund for the redemption of the said debenture capital mentioned in Article 20, and after the expiration of the said period of 20 years shall apply the said sinking fund or any part or parts thereof towards the redemption of the said debenture capital in such manner and at such times as shall be requisite having regard to the terms of issue of such debenture capital and subject thereto in such manner and at such times as the Government and the Company shall agree.

On the determination of this Contract otherwise than by effluxion of time any balance of the said sinking fund which shall then remain unapplied, shall, in the event of the Government acquiring the undertaking under Article 41 or in the event of a forfeiture under Article 42 and up to the amount payable in respect of the said debenture capital for the time being unredeemed and subsisting and any interest thereon and all moneys for the time being payable by the Com- pany to the Government, be treated as and applied by the Trustees in part payment of the money payable by the Government to the Company under those Articles, respectively, and in the event of the expiration of this Contract by effluxion of time, any such balance shall be applied in repayment, so far as the same will extend, of the said debenture capital or so much thereof as immediately before the said expiration, shall have been unredeemed and subsisting, and interest thereon and subject thereto shall be applied in payment to the Government of any moneys then payable by the Company to the Government subject as aforesaid any such balance shall belong to the Company.

On determi-  
nation of  
contract  
balance of  
sinking fund  
to be applied  
in case of  
purchase or  
forfeiture,  
to part  
payment of  
money  
payable by  
Government  
to Company  
under  
articles 41  
and 42,  
and, in case  
of expiry by  
effluxion of  
time, first in  
repayment of  
outstanding  
debenture  
capital,  
balance  
to payment  
of debts to  
Government  
and the  
remainder  
shall belong  
to the  
Company.

46. If the Government and the Company shall fail to agree touching any matter with respect to which their agreement is required by this contract or if any dispute or question shall arise as to the necessity for or the character, situation or extent of any work proposed by the Com- pany or required by the Government to be executed by the Company under any of the provisions hereinbefore contained, or if in any case whatsoever (except with respect to matters referred to in articles 28, 29 and 33) any dispute, question or controversy shall at any time arise between the Government and the Company touching this contract, or the construction or operation hereof, or the rights, duties, or liabilities of either party in relation to the premises, then and in any of such cases, the matter as to which the Government and the Company shall fail to agree or the matter in difference as the case may be, shall be submitted to a board of arbitration—one member of which shall be appointed by the Government, and the other by the Company—and the duty of such board shall be to enquire into and equitably adjust and determine such disputes, and if unable to do so by reason of difference of opinion amongst the members thereof or for any other reason, to refer the said dispute for determination to an umpire, to be appointed by the mutual consent of the said board in each case before they proceed to arbitration, or in case the said board shall not, within fourteen days after the dispute or difference shall have been referred to them, have appointed the said umpire, the appointment of an umpire may be made upon the application of either party by Her Majesty's Secretary of State for India, and the decision of such board, or, in the event of their not arriving at a decision as aforesaid, of such umpire, shall be final and binding upon both parties, and no appeal shall lie therefrom, and upon every such reference the board of arbitration and umpire shall respectively have power to examine witnesses upon oath or affirmation, and to fix, settle and determine the amount of the cost of the reference and award respectively or incidental thereto to be paid by both parties or by either party, and to direct and award when and by whom such costs shall be paid. In matters not otherwise herein provided for, the provisions of the Imperial Act of Parliament known as the Railway Companies' Arbitration Act, 1859, shall *mutatis mutandis* have effect in relation to every arbitration under this contract.

Arbitration  
clause.

47. This contract is subject to ratification by Her Majesty's Secretary of State in Council for India and to ratification by an extraordinary general meeting of the members of the Com- pany, and if this contract be not so ratified within six months from the date hereof, either party may, by notice in writing to the other of them, rescind this contract and neither party shall have any claim against the other of them under or in respect of any of the provisions hereof.

This contract  
subject to  
ratification  
by Secretary  
of State for  
India and  
extraordinary  
general  
meeting of  
members of  
Company.  
If not ratified  
within six  
months, may  
be rescinded.  
Marginal  
notes.

48. The marginal notes hereto are for the purpose of convenience only and shall not affect the construction or interpretation of this contract.

IN WITNESS whereof the said Thomas George Robinson acting for and on behalf of the Government of His Highness the Nizam of the Hyderabad State, has hereunto set his hand and seal and the Company have caused their common seal to be hereunto affixed the day and year first above written.

Signed, sealed and delivered by the above-named  
THOMAS GEORGE ROBINSON in the presence of  
W. G. TWEDDLE,  
112, Bishopsgate Street,  
London,  
Solicitor.

T. G. ROBINSON.

L.S.

The Common Seal of His Highness THE NIZAM'S  
GUARANTEED STATE RAILWAYS COMPANY (LIMITED),  
was affixed hereto in the presence of

ALEX. FRASER,  
J. CLEGHORN, } Directors.

W. G. HALL,  
Managing Director.

The Seal of His  
Highness the  
Nizam's Guaranteed  
State Railways  
Company  
(Limited).

Resealed 29th June 1897.  
See Resolution No. 983 of Board.  
Passed 29th June.

ORDER—No. 909 R., dated 4th November 1897.

Recorded.

(True Extract.)

(Signed) F. J. E. SPRING,  
Offg. Joint Secy. to Govt.,  
Railway Branch.

To the Consulting Engineer for Railways.

Exd. T. K. Narayana Aiyangar.

## Public Works (1897) Department.

CURRENT No. 9898

H.E. the Governor.

From the Govt. of India

Order

Circular to Hon. Members.

and after his return from tour  
to H.S. The record.

7/11/97

A. Sp. 909 R. dated 4/11/97.

Recorded.

7/11/97

3/11/97

To the Consulting Engineer for Railways

H.E. the Governor

7/11/97

3/11/97

Dated 30th September 1897

Received

Registered

Enclosures /

Spare copies

SUBJECT.

Hyderabad Godavari Valley Railway

Forwarding copy of Secretary  
of State's despatch No. 80 R  
dated 12.8.97 and Enclosures  
regarding contract dated 16th  
March 1897. entered into  
between  
Nizam's Govt. & the Nizam's  
Ry. Coy. for the construction  
& working of the —

[illegible][illegible]

3. Clause 20 of the Agreement provides that the capital of the Company, for the purposes of the contract, shall be raised by an issue of redeemable mortgage debentures, bearing interest at such rate as shall be agreed upon between His Highness the Nizam's Government

and the Company, and that such issue shall also be made in such manner, and at such time or times as may be agreed upon between the two parties to the contract.

4. Clause 22 limits the amount of the issue (in terms of Article 20), to a total nominal sum not exceeding £2,500,000 and the same clause provides that on the capital from time to time issued, the Nizam's Government will pay an annuity, for a period of 20 years (from the completion and opening of the line throughout), at such rate of interest as may be agreed upon, and in addition a sum of 1 per cent. per annum, for 20 years to be applied to form a sinking fund for the redemption of debentures, prior to the expiry of the lease. The same clause stipulates that interest payable on capital during construction, and until the line shall be completed and open throughout, be paid by the Company out of capital, and added to the cost of the line.

5. Clause 7 provides that a lease shall (on the line being completed and open for traffic throughout) be granted by the Government to the Company, for a term equal to the remainder of the term of 99 years, agreed to be granted by the existing contract of 1883, between the Government and the Company. The lease of the projected line would therefore terminate about 1988.

6. The security to the holders of debentures is (as stipulated in Clause 20), to be a first charge on the new line, and second charge on the existing line, and after the expiry of the 20 years, during which interest is guaranteed by the Nizam's Government, the interest payable to debenture holders is to form a first charge on the net earnings of the new line, and a second charge on the surplus net earnings of the old line, after the service of the existing debenture debt on the old line has been provided for. As an additional security (*vide* Clause 44), for the due payment of the annuity, a sum of between £180 and £200,000 held by trustees in England as security for the payment of the annuity of the existing line, will be available, on the expiry of the Government's guarantee of annuity on that line.

7. Clause 30 sets out the manner in which the net earnings of the new line are to be disposed of.

8. In Clause 41, the option is given to the Government of purchasing the line on certain dates, the first of which falls in the year 1914.

9. There are various other clauses in the agreement, practically identical with those in the contract of 27th December 1883, sanctioned by the Secretary of State, and I am to say that the new contract is, *mutatis mutandis*, to a great extent, based on the old one.

10. Mr. Rose's sterling estimate amounts to £1,814,407, which includes surveys, cost, and equipment of the new line, and cost of raising capital, but not interest during construction. The estimate is regarded by the Directors as ample, and they believe that the project can be carried out within a sum of £5,000 per mile. There are some elements of the estimate which cannot, at the moment, be fixed with exactitude, such as exchange and cost of issue, but the Board is of opinion that the provision made for these items is full.

11. With respect to the interest to be guaranteed by the Nizam's Government, the rate has not yet been decided, because it is to a great extent dependent upon the state of the London money market. Under no circumstances, however, in the opinion of the Board, will it be necessary to guarantee more than 4 per cent., exclusive of sinking fund, and it is hoped that the money may be obtained at 3½ per cent.

12. In accordance with an understanding come to between His Highness the Nizam's Government and the Company, the issue is to be placed in the hands of the National Provincial Bank of England, the London Bankers of the Government and of the Company, and so soon as the Bank is in a position to state what rate of interest it will be necessary to pay, in order to make the issue successful, the Secretary of State will be asked to sanction the same.

13. The Government of His Highness the Nizam, the Board of Directors, and Mr. Rose, are of opinion that, judging from the character and population of the country to be traversed, the line will, soon after it is opened, meet the charges of the debenture debt, and involve the Government of His Highness the Nizam in little or no responsibility for the guaranteed interest. The Government of India, it is also believed, take a favourable view of the prospects of the undertaking.

14. As regards the existing railway, its administrative expenses will be diminished, additional traffic will be brought to it by the new line, and it may also be reasonably hoped that in time there will be a credit from the net earnings of the new, to those of the old, line. The position of the present railway will therefore be improved. Moreover, the new line, should it hereafter be desired to link up the metre-gauge lines in Southern India with those in Northern India, will form an important part of the chain.

15. Under the orders, and at the expense of the Government of His Highness the Nizam and for the purpose of providing relief works during the prevalence of scarcity in His Highness' dominions, earthworks were started by that Government, under Mr. Rose's direction, some time ago, at various points on the projected line, and a sum of about 10 lakhs of rupees will shortly have been spent. Recently, moreover, at the request of the Government of India, the Bombay Government inquired whether, if works were begun by them at the Munmad end of the line, in British territory, the Nizam's Government and the Company would afterwards take these over at a valuation, but subsequently, it is believed, the Bombay Government did

R. C.,  
Sept. 1884,  
202-244, A.

Ditto.

not find it necessary to carry this out as a relief work, considering it sufficient if the construction of the proposed railway was commenced. The suspension of the construction now in hand and consequent dispersion of the staff, would lead to great loss and inconvenience, and the funds provided by the Government of the Nizam will very shortly be exhausted.

16. I am directed therefore to say, that it is hoped the Secretary of State for India in Council will be pleased, on as early a date as possible, to sanction the contract, so that, when the money market is favourable, the Directors may be in a position to act.

17. The Contract has to-day been executed by the attorney in London of the Government of His Highness and by the Company.

18. Finally, I am to say, that should the Secretary of State desire any further information on the subject, the Board will be happy to furnish it.

## No. 2.

Dated 12th May 1897.

From—W. G. HALL, Esq., Managing Director, London Board, His Highness the Nizam's Guarntd. State Rys. Co., Ltd.,

To—The Under Secretary of State for India.

With reference to para. 11 of my letter, dated 16th March 1897, I am directed to send you the enclosed copy of a letter, dated 7th instant, from the General Manager of the National Provincial Bank of England, Limited, stating the terms on which the Bank is prepared to make an issue of the debentures for the purposes of the proposed extensions.

2. The interest of 3½ per cent. referred to in the Bank's letter, is the amount to be paid by way of return to the debentures holders. The Nizam's Government, in terms of Clause 22 of the Contract, have further to provide 1 per cent. per annum for the Sinking Fund.

3. In addition to the expenses of issue stated in Mr. Robinson's letter, there will be the costs of stamps on the debentures (10s. per cent. if to "bearer") and such sum as may be required for outlay on printing, advertising, etc., The total expenditure, including what the Bank requires, will probably not exceed 1½ per cent. on the nominal amount of the issue.

4. A telegram has been sent to the Government of His Highness the Nizam (which will doubtless consult the Government of India), giving the above details, and asking for a decision and reply, which I shall communicate to you, when received.

## Enclosure in No. 2.

Dated 7th May 1897.

From—T. G. ROBINSON, Esq., Joint Genl. Manager, National Provincial Bank of England Ltd.,

To—W. G. HALL, Esq., Managing Director, London Board, His Highness the Nizam's Guarntd. State Rys. Co., Ltd.

Referring to your letter of 26th January last, and the several interviews with yourself and others, the Bank will be glad to undertake the issue of His Highness the Nizam's Guaranteed State Railways Company's debentures, for the construction of the new line, on the basis of the prospectus, which I return herewith (with sundry alterations for your consideration).

I have consulted with the brokers as to the best mode of making the issue, and they agree with me that 3½ per cent. stock at 92 or 93 per cent. would probably be taken up, but that it would not be desirable to offer more than £1,000,000 at the present time.

The cost of the issue (exclusive of advertising and printing) will be about £8,000 *vis.*—

|                                                                        |       |
|------------------------------------------------------------------------|-------|
| Commission to Bankers and Messrs. Hichen and Stewart                   | £     |
| Stock Exchange brokers for commission on amounts obtained through them | 5,000 |
| Sundry expenses                                                        | 2,500 |
|                                                                        | 500   |
|                                                                        | 8,000 |

I shall be glad to hear from you, when all the necessary arrangements are made, and consents obtained, in order that the issue may be advertised before the close of the current half-year.

## No. 3.

No. P. W. 614, dated 25th May 1897.

From—Sir HORACE WALPOLE, K. C. B., Under Secy. of State for India,

To—The Managing Director, London Board, His Highness the Nizam's Guarntd. State Rys. Co., Ltd.

I am directed by the Secretary of State for India in Council to acknowledge the receipt of your letter, dated 16th March, submitting, for his approval, a copy of the contract between the Nizam's Government and your Company for construction of a metre-gauge railway from Hyderabad to Munmad, which was executed in London on the above date.

Subsequently to the receipt of your letter, a Despatch (dated 17th March) arrived from the Government of India, conveying their general assent to the result of the negotiations, as embodied in the contract between His Highness the Nizam's Government and His Highness the Nizam's Guaranteed State Railways Company of 16th March 1897.

Referring to the 11th paragraph of your letter, I am to observe that the rate of interest to be specified in Sections 8, 9, and 40 of the contract must be left blank, until finally determined. The same rate as that which will be fixed for the mortgage debentures will be applicable to payments under those sections.

It must be clearly understood by both parties to the contract that the Secretary of State accepts no liability of any kind in respect of any engagements entered into by either of the contracting parties, or of any of the operations of the Company; and this should be clearly set forth in the Company's prospectus, and, further, that it will not be competent to the Company to make any financial arrangements without the express sanction of the Nizam's Government and of the Government of India.

## No. 4

No. P. W. 1075, dated 21st June 1897.

From—Sir HORACE WALPOLE, K. C. B., Under Secretary of State for India,  
To—The Managing Director, London Board, His Highness the Nizam's Guarntd. State Rys. Co., Ltd.

It appears from a telegram received from the Government of India that your Board have, through the Nizam's Government, requested sanction to place on the market debentures for one million sterling at 3½ per cent. interest, at an issue price not below 92, and probably from 93 to 94; and I am directed to inform you that the Secretary of State in Council sanctions the proposed arrangement.

Your Directors will bear in mind the intimation in my letter of 25th May as to the Secretary of State accepting no liability in connection with any operations of the Company.

## No. 5.

Dated 8th July 1897.

From—W. G. HALL, Esq., Managing Director, London Board, His Highness the Nizam's Guarntd. State Rys. Co., Ltd.,  
To—The Under Secretary of State for India.

I am directed to enclose herein extract of a letter addressed to the Agent of this Company in India, dated 2nd instant, for communication by him to the Government of His Highness the Nizam. Copies of the telegrams referred to in the extract of letter are also enclosed.

The Secretary of State for India in Council is doubtless aware of the fact that an issue was attempted by the Bank of Bengal, Calcutta, on 7th June, of a loan of a crore of rupees for the Nizam's Government, and of the terms offered.

On the 11th June and subsequent days, the loan was advertised here by Messrs. Coutts & Co., as Agents for the Bank of Bengal, in *The Times* and other journals. The prospectus stated that the loan was offered under the sanction of the Government of India, a statement which, seeing that that Government was about to sanction the raising of funds for the construction of the Hyderabad-Godavari Valley Railway, surprised the Directors of this Company.

The Board considered it necessary to place on record its disclaimer of responsibility, should the issue for the railway not prove successful.

The Government of India has sanctioned the contract of 16th March 1897, and has intimated its approval of the terms on which it was proposed to raise the necessary funds.

The abortive issue of the rupee loan could not have been attempted without the sanction of the Government of India. It is therefore necessary that that Government should be informed of the protest which has been made to the Nizam's Government, and I am instructed to say that the Board hopes that the Secretary of State will be pleased to send to India copies of this letter and its enclosures.

## ENCLOSURE 1 IN NO 5.

*Extract from letter, dated 2nd July 1897, addressed to the Agent in India for the Railway Company.*

Your messages of 1st and 2nd instant are the first intimations we have had of there being any difficulty with the underwriters of the Calcutta loan, and our message of to-day replies to your telegrams.

We cannot shut our eyes to the fact, that the action of His Highness' Government, and failure of the rupee loan, as well as the differences which have apparently arisen between the Government and the underwriters of that loan, may seriously affect our position, but it was too late to draw back, as the notices convening the meeting for 8th July were posted on 30th June and were in the hands of our shareholders on 1st July. After consultation with the Bank and the brokers the Board was advised it had no alternative but to go on, as to withdraw would have virtually postponed the issue for perhaps some years.

The Bank and the brokers having resolved some time ago, that it was unnecessary to underwrite the issue, overtures from various underwriters were declined, and to attempt to do so now would merely excite suspicion and result in failure. There is no other precaution which can be taken, and we must trust to the market.

The position in which the Bank and the Board find themselves is not of their own making, but they have been placed in it through the ill-advised action of the Nizam's Government and, although all that now can be done will be done to ensure success, the Bank and the Board desire to place on record their very strongest protest against being held liable, should any failure occur.

Further, as considerable expense has been and will be incurred, the Board must look to the Government to meet these expenses in case of the failure of the issue.

You will be good enough to furnish a copy of this, as well as of the Board's letter of 16th June (if you have not already done so), to the Government of His Highness the Nizam.

## ENCLOSURE 2 IN NO. 5.

*Telegram received from the Agent of the Railway Company in India on Thursday, 1st July 1897.*

The Prime Minister of Hyderabad State wish us to advise you, rupee loan not at all successful, and serious difficulty with underwriters. Desirous of warning you. Take all necessary precautions.

## ENCLOSURE 3 IN NO. 5.

*Telegram received from India on Friday, 2nd July 1897.*

Have ascertained applications for the loan are said to amount to only Rs. 5,00,000. Bank of Bengal, Calcutta, refuse disclose who are the underwriters. Hormusjee has been dismissed by His Highness the Nizam.

## ENCLOSURE 4 IN NO. 5.

*Telegram sent to the Agent of the Railway Company in India on Friday 2nd July 1897.*

Referring to your telegrams of 1st and 2nd July. Communicate the following to the Government of His Highness the Nizam:—The Board of Directors of His Highness the Nizam's Railways (and) National Provincial Bank of England complain should have been advised before of serious difficulty with underwriters. Warning arrived too late, the day after issue of notice to shareholders convening extraordinary general meeting of members of the Company (on) 8th July 1897. Cannot withdraw. The Board of Directors of His Highness the Nizam's Railways, the National Provincial Bank of England in the meantime will do their best in the matter.

## No. 6.

Dated 15th July 1897.

From—W. G. HALL, Esq., Managing Director, London Board, His Highness the Nizam's Guarntd. State Rys. Co., Ltd.,  
To—The Under Secretary of State for India.

*Issue of 1,000,000l. 3½ per cent. Debentures for the purposes of the Hyderabad-Godavari Valley Line.*

I am instructed to acquaint you, for the information of the Secretary of State, that the list of applications for this issue closed to-day, and that the total amount applied for was 1,111,600l.

In telegraphing to the Agent of the Company in India last night the result of the issue, for the information of the Government of His Highness the Nizam, I requested him also to inform the Government of India.

The applications appear to be for the most part from persons likely to be permanent holders. The amount applied for shows that the price fixed for the issue was accurately estimated.

STAMP  
10/-

*THIS AGREEMENT made the sixteenth day of March 1897, Between THOMAS GEORGE ROBINSON of The National Provincial Bank of England, Bishopsgate Street Within, in the City of London acting on behalf of THE GOVERNMENT OF HIS HIGHNESS THE NIZAM of the Hyderabad State of the one part and HIS HIGHNESS THE NIZAM'S GUARANTEED STATE RAILWAYS COMPANY LIMITED (hereinafter called the Company) of the other part.*

WHEREAS this Agreement is intended to be supplemental to an Indenture dated the 27th day of December 1883, and made between the Government of His Highness the Nizam of the 1st part, and the Company of the 2nd part being an Agreement for the construction and working of the New Railways therein mentioned from Hyderabad to Warungul and other places as therein mentioned to the intent and so that this Contract shall be read and have effect as if it contained a full recital of the said Indenture but it is intended that except in so far as any of the provisions of the said Indenture are expressly incorporated herein this Contract shall be entirely independent of the Contract contained in the said Indenture.

AND WHEREAS the Government of His Highness the Nizam is desirous that the new line of Railway hereinafter mentioned should be made in manner hereinafter provided within the territories of His Highness,

AND WHEREAS certain surveys, plans, drawings, specifications, schedules of quantities and estimates and reports have been prepared by direction of the Government for the construction and equipment of such new line or some part or parts thereof,

NOW THIS AGREEMENT WITNESSETH and it is hereby agreed and declared as follows:—

1. In this Contract the following expressions shall have the following meanings respectively if not inconsistent with the subject or context: Interpretation of terms.

The "Government" means the Government for the time being of His Highness the Nizam and his successors and it shall include the Nizam and his successors.

The "Agreement of 1883" means the said Indenture of the 27th day of December, 1883.

"The existing line" means the lines between Wadi and the south-eastern frontier near Bezvada, including the Mineral Branch between Dornakal and Yellandu.

"The new line" means the new Railway, intended to be constructed under this Contract.

"The lines" means all lines for the time being forming part of the undertaking of the Company.

"Inspecting Officer" means an Inspecting Officer or Officers appointed by the Government and approved by the Government of India for the purpose of this Contract.

"Month" means calendar month.

2. The Company shall construct at the times and in manner and subject to the provisions hereinafter prescribed and contained a single line of Railway of the metre gauge about 380 miles in length, to extend from Hyderabad to Manmar and which shall be called or distinguished by the name of the Hyderabad-Godavari Valley Line of His Highness the Nizam's Guaranteed State Railways. The standard dimensions of fixed structures and rolling stock as laid down by the Government of India for the said gauge shall be strictly followed. Company to construct extension line.

3. The Government shall at the time of execution of this Contract deliver to the Company all the said surveys, plans, drawings, specifications, schedules of quantities and estimates and reports already prepared for the construction and equipment of the new line as aforesaid, and the same, subject to such alterations thereof and deviations therefrom as shall from time to time be agreed between the Government and the Company, shall be adhered to and adopted as nearly as circumstances will permit. The situation and extent of all stations, station yards, sidings, offices, warehouses, buildings, conveniences and appurtenances to be constructed in connection with the new line shall be subject to the approval of the Government. Government to deliver to Company surveys, plans, etc., to be adhered to as nearly as may be. Situation of stations, etc., to be approved by Government.

The cost already incurred and to be incurred by the Government in relation to the said surveys, and all other surveys undertaken and carried out from the date on which the services of Mr. A. C. Newcombe were engaged for that purpose, and of all plans, drawings, specifications, schedules of quantities and estimates and reports prepared in connection therewith shall

be ascertained and repaid by the Company to the Government and the amount thereof shall be a charge against the capital account of the new line within the meaning of Article 31.

Government to provide lands,

4. The Government shall after the definite selection of the route and direction of the new line, or of any part or parts thereof, and as and when required by the Company, provide free of cost to the Company the lands which shall be permanently or temporarily required for the construction of the new line or for the part or parts so selected and for the works connected therewith, and for the stations, station yards, sidings, offices, warehouses, conveniences, and appurtenances aforesaid, and shall give to the Company possession of the lands so provided. All land of which possession shall be so given which shall not be permanently required for the purposes of the Company shall, as soon as practicable, be delivered up by the Company to the Government. The Government will permit the Company to take, free from any royalty or other payment, such stone, sand, gravel, earth, brick, earth and local products suitable for conversion into lime and mortar, being respectively the property of the Government, as may be *bona fide* reasonably necessary for the purposes of the construction of the new line or any part thereof, provided that the same be taken only from such places within a convenient distance from the works as shall be agreed upon between an officer to be appointed by the Government on the one hand and the Company on the other hand.

and permit Company to take stone, sand, etc., for construction.

Company to complete construction within four years of obtaining possession of all the land.

5. The Company shall, on receiving possession of the lands provided under the last preceding Article, proceed with diligence in the construction, in accordance with the said surveys, plans, specifications and other documents (subject to such alterations thereof and deviations therefrom as aforesaid), of the new line, and of all such stations, station yards, sidings, offices, warehouses, conveniences and appurtenances as aforesaid, including all works necessary or expedient to secure their permanence, and for the protection of the same against injury by inundation or otherwise, and will complete the new line within a period of four years from the date of obtaining possession of all the lands for the same.

Company may on certificate of inspecting officer open portions of line for traffic, and shall open the whole on such certificate. During construction materials and works to be open to officer's inspection. Upon line being completed and opened, Government to grant Company lease of the land for term of Agreement of 1883.

6. The Company may, from time to time, as often as an Inspecting Officer shall certify that any portion of the new line is fit for conveyance of passengers and goods, open the same portion for public traffic. And the Company shall open the new line for public traffic throughout and with a good and sufficient stock of engines, carriages, wagons, plant and machinery for working the same in conformity with the provisions of this Contract when and so soon as an Inspecting Officer shall have certified that the new line is complete and fit for the conveyance of passengers and goods throughout. During the construction of the new line all materials to be used and also the manner in which the works are performed shall be subject to the inspection and approval of an Inspecting Officer.

7. Upon the new line being completed and opened for public traffic throughout, the Government will free of all rents grant to the Company, if required by them, a lease of, or otherwise secure to the Company a right and title to so much and such parts of the land provided under Article 4 as shall be permanently required for the purposes of the Company and the railways and works constructed thereon, for a term equal to the remainder of the term of 99 years agreed to be granted by the Agreement of 1883 and the Government shall guarantee to the Company the right to and possession of such land as against any claimant, but shall not be called upon to show any title thereto.

The amount of all expenses to be incurred by the Government and by the Company in relation to the said lease (if any) shall be a charge against the capital account of the new line within the meaning of Article 31.

The Company to keep the new line in good working order, and properly equipped.

8. The Company shall keep the new line or so much thereof as shall for the time being have been opened for traffic and all the stations, station yards, offices, warehouses, conveniences and works thereto belonging, in good repair, and sufficiently supplied with engines, carriages, rolling stock, plant and machinery, and shall keep the whole in good working condition. The whole shall at all times be open to the inspection of an Inspecting Officer, and the Company shall afford to every Inspecting Officer all such facilities as may be reasonably requisite to enable him to perform his duties. The Company shall upon notice in writing from the Government forthwith execute all such works and do all such things as upon the Report of an Inspecting Officer shall be found to be necessary for keeping the new line in good repair and in good working condition, and sufficiently supplied as aforesaid. On receiving any such notice the Company shall with all reasonable speed execute and do the works and things described therein. If in any case the Company shall fail to execute and do such works and things to the satisfaction of an Inspecting Officer within a reasonable time, the Government may execute and do the works and things, or the portion thereof unexecuted by the Company, and for that purpose may from time to time enter upon any land or premises of the Company, and the Company shall on demand pay to the Government the money properly expended by the Government in executing such works, and if such moneys shall not be paid on demand the same shall carry simple interest as against the Company at the rate of 2½ per cent. per annum, to be computed from the time of demand for payment of such moneys until payment of the same.

Powers of Government in case of default by Company.

9. After the new line shall be opened for traffic throughout the Government may from time to time, upon the Report of an Inspecting Officer, by notice in writing, require the Company to carry out at their own cost any reasonable alteration or improvement in or addition to the line, or in or to any stations, station yards, offices, warehouses, conveniences or works therewith connected respectively, which may be necessary for the safety of passengers or of the public, or for accommodation of increased or increasing traffic, and to supply such additional engines, carriages, rolling stock, plant and machinery as the Government may consider necessary. Such notice shall specify the alteration, addition or improvement required, and also shall in general terms describe the works to be executed for the purpose of carrying out such alteration, addition or improvement. On receiving any such notice the Company shall, with all reasonable speed, execute the works described therein, the Government providing (on terms similar to those on which land is to be provided under Article 4) any land that may be required for the purpose, and granting to the Company a lease of, or other title as aforesaid, to such land, for the period in Article 7 mentioned, and upon the same terms. If in any case the Company shall fail to execute and complete the works to the satisfaction of an Inspecting Officer, and within a reasonable time, the Government may execute the works or the portion thereof unexecuted by the Company, and for that purpose may from time to time enter upon any land or premises of the Company, and the Company shall on demand pay to the Government the money expended by the Government in executing such works, and if such moneys shall not be paid on demand the same shall carry simple interest as against the Company at the rate of 2½ per cent. per annum, to be computed from the time of demand for payment of such moneys until payment of the same. Provided, nevertheless, that the Company shall not be called upon to do or perform any work, or incur any expense, under this Article for which additional capital would be required, unless and until the Government shall have guaranteed such interest thereon, and for such period as shall enable the Company to raise the additional capital, the rate of such interest to be fixed by Agreement between the Government and the Company or in default of such Agreement by arbitration under the provisions in that behalf hereinafter contained.

10. The Government may from time to time prohibit the Company from using any engine, carriage, wagon, vehicle, boat, machine, or appliance, of any kind whatsoever the use of which shall be declared by an Inspecting Officer to be attended with danger to passengers or the public, and the Government may, by taking possession of such engine, carriage, wagon, vehicle, boat, machine, or appliance, or by such other means as they shall think fit to employ, prevent the Company from using the same.

11. The Company shall, unless hindered or prevented by accident or any other matter beyond their own control, cause at least one train daily to be run from either extremity of the portion of the new line which shall for the time being have been opened for traffic, to the other extremity of the same line and so as to afford reasonable convenience for the Post Office, either of the Government or of the Government of India.

12. The rates and fares to be charged by the Company for the carriage of passengers and goods respectively, over the new line, shall not, unless otherwise agreed between the Government and the Company, be in excess of the rates and fares from time to time prevailing on the existing line.

13. The Company will at all times convey free of charge on the new line and on any part thereof which for the time being shall have been opened for traffic, the mails and post office bags of the Government and of the Government of India, and the guards and other servants of the Post Office of either of such Governments in charge thereof, and also (when they are on duty) all officers and persons in the administration of the Post Office of the Government and of the Government of India. The Company will also at all times convey all troops and sailors in the service of the Government and of the Government of India when such troops are on duty, and all police officers, engineers, artisans and other persons when employed in the business of the Government or of the Government of India at rates calculated as follows, *viz.*, all commissioned officers and persons in a similar station in life in the service of the Government or of the Government of India shall be entitled to travel in first class carriages at second class fares; troops, sailors and artisans (under the rank of commissioned officers) shall be entitled to travel in second class carriages at the lowest fares, and all such other persons as aforesaid at the lowest fares. To every 100 men conveyed at the lowest fares two tons of luggage will be conveyed free of charge, and the persons entitled to travel first class will be allowed the ordinary amount of luggage taken by a first class passenger free of charge. The Company will also at all times convey all military establishments not heretofore specified, horses and other animals used for military purposes, guns, ammunition, military stores, carriages, wagons, camp equipment and equipments and all public stores of what kind soever of the Government and the Government of India at the lowest rates for the time being ordinarily chargeable by the Company for the carriage of such animals, goods, merchandise and stores respectively. The several privileges of conveyance and carriage hereby stipulated for shall at all times be enjoyed and all other reasonable requirements of the Government or of the Government of India shall be complied with in preference to and with priority over the public use of the new line.

14. The Company shall convey gold and silver bullion and coin and copper coin belonging to the Government or to the Government of India and the persons in charge thereof at special rates, to be from time to time respectively agreed upon between the Government and the Company and between the Government of India and the Company.

Company to carry Government bullion, etc., at special rates.

Electric telegraphs may be constructed by Government of India.

15. The Government of India shall be at liberty to construct, maintain, use and work such electric telegraphs and telegraphic appliances as it shall think fit along the new line or any part or parts thereof; and it shall be lawful for the Government of India for such purposes to enter at all reasonable times, by its agents, workmen or others on the new line or any part thereof, and to erect, maintain, make, do and execute thereon all such buildings, machinery, works, acts and things not unnecessarily obstructing the working of the new line as it shall consider necessary or proper in relation to the construction, maintenance, use and working of the said telegraphs and telegraphic appliances. And the Government of India shall not, in respect to such matters or any of them, be subject to the control or interference of the Company.

All buildings, machinery, works and appliances erected or brought by or on behalf of the Government of India on the new line or any part thereof shall be and remain the property of the Government of India and shall be removable by it at pleasure.

The Company shall at all times furnish the Government of India with such free passes over the new line as they shall require for persons employed in or about the construction, maintenance, working or inspection of all electric telegraphs and telegraphic appliances hereinbefore referred to or any buildings or works appertaining thereto.

Government of India to construct telegraph for Company's use.

16. The Government of India has agreed to construct or provide such electric telegraphs and telegraphic appliances as the Company shall, with the approval of the Government of India, from time to time require for the purposes of working the new line, and to allow the Company to have the exclusive use (so long as they shall work the line) of such telegraphs and telegraphic appliances and to maintain the same in good repair and good working condition. The working of such last mentioned telegraphs and telegraphic appliances shall be exclusively in the hands of the Company and at their cost. But the Company shall observe the rules for the time being in force in the case of Indian State Railway Telegraphs or such of the said rules as the Government of India may from time to time prescribe for their observance. And the Company will pay the charges of the Telegraph Department of the Government of India for rent, maintenance and inspection of the telegraphs and telegraphic appliances provided under this Article for their use.

Materials, plant, etc., to be imported free of custom duties.

17. All materials, plant, engines, rolling stock, machinery and utensils required for the construction and equipment of the new line, or for the maintenance and working thereof shall be permitted to be passed and imported into the territories of the Government free of all customs, charges and import duties or other imposts.

Government to provide police force and Railway Magistrate.

18. The Government shall provide and maintain for the purposes of the new line such a force of police as the Company, with the approval of the Government, shall from time to time require, and also if the Company with the like approval shall require, a Railway Magistrate, which police force and Railway Magistrate shall be under the direction of the British Resident at Hyderabad, provided that in case of difference between the Government and the Company as to the extent of the force required for the preservation of law and order the determination of the question shall rest with the Government. The cost of providing and maintaining the whole force of police employed for the purposes of the new line and the salary of the Railway Magistrate, including all pensionary and gratuity charges, if any, shall be defrayed as follows (that is to say), three-tenths thereof shall be borne by the Government and the remaining seven-tenths shall be borne by the Company.

Company to be subject to provisions of Indian Railway Act 1890, and Telegraph Act 1885.

19. The Company and the new line and undertaking shall be subject to provisions as nearly as circumstances will admit of, and having regard to the provisions of this Contract, of similar to those contained in the "Indian Railway Act 1890" and the "Telegraph Act of 1885" of the Indian Legislative Council, and, in any subsequent Acts affecting railways or telegraphs to be hereafter passed by the Government of India; and the Government will pass an Act or Acts or issue an Edict or Edicts for the purpose of giving to the Company like powers to those contained in the said Acts of the Legislative Council and such further Acts or Edicts for facilitating the business and operations of the Company as the Company shall require and the Government shall approve.

Capital of Company for issue of redeemable mortgage debentures to be raised by redeemable Mortgage Debentures.

20. The capital of the Company for the purposes of this Contract, shall be raised by the Company for issue of redeemable mortgage debentures bearing interest at such rate and to be issued in such manner and upon such terms and at such time or times and as shall be agreed between the Government and the Company, such debentures shall constitute a first charge on the new line and a second charge on the existing line, and the interest payable on such debentures shall after the expiration of the guaranteed period mentioned in Article 22 hereof form a first charge on the net earnings of the new line and a second charge on the surplus earnings of the existing line after providing for the interest and Sinking Fund (if any) for the time being payable on so much of the debenture capital authorized to be created under clause 22 of the Agreement of 1883 as shall for the time being be outstanding.

Capital to be paid into Bank.

21. The Company will pay or cause to be paid into the National Provincial Bank of England, Limited, or other the Bank for the time being of the Company the said capital by instalments as and when the money is required for the purposes of this Contract.

Government to pay to Company for 20 years annuity on the debenture capital, not exceeding £2,500,000.

22. The interest which may from time to time accrue due and become payable in respect of the said debenture capital authorised by Article 20, or any part thereof during the construction of the new line, and until the same shall be completed and opened for public traffic throughout, shall from time to time be paid by the Company out of capital, and thereafter the Government will for a period of 20 years, commencing from the time when the new line shall be so completed and opened, pay to the Company, in London, in sterling, by half-yearly payments, on every 1st day of January and 1st day of July, an annuity equal to

interest for one year on the total nominal amount (not exceeding £2,500,000) of the debentures for the time being issued, in pursuance of Article 20 (but only to the extent to which the proceeds of such debentures shall have been paid to the credit of the Company with its Bankers), at such rate as shall have been agreed upon under the same Article as the rate payable in respect of the said debentures, together with one per cent, per annum added to such rate for the Sinking Fund hereafter mentioned, and the Company shall apply the said annuity in payment of interest at the rate to be so agreed upon as aforesaid upon the amount for the time being paid up in respect of such debentures as last aforesaid, and carrying interest, and in providing a Sinking Fund at the rate of one per cent, per annum for redemption or reduction of the same debentures, in accordance with the provisions in that behalf hereinafter contained.

23. The Company shall repay all moneys paid by the Government in respect of the said Company to annuity, and (unless otherwise agreed) in respect of any guarantee of the interest under Article 9 and on all such moneys until repaid, the Government shall be entitled to simple interest at the total rate upon the basis of which the said annuity is payable under the last preceding Article accruing *de die in diem*, and calculated on the same moneys respectively from the same rate as respective dates of the payment thereof to the Company until repayment, but such moneys or any interest thereon shall not be repayable or payable to the Government, except so far as the Government shall become entitled to receive the same under the provisions of Articles 30 and 45. 45. Provided, nevertheless, that the Government shall not be entitled to interest on any such part of any half-yearly payment of the said annuity or interest as shall be ultimately repaid to the Government out of or by means of the net earnings, as hereinafter defined, of the Company attributable to the half-year, in respect of which the same half-yearly payment of the annuity or interest shall have been made.

24. All moneys received by or on account of the Company in India in respect of the working of the new line or any part or parts thereof which shall, for the time being, have been open for traffic, and all income in anywise received by the Company in respect of the under-taking carried on by them under the provisions of this Contract (which said moneys and income are hereinafter collectively termed gross earnings), shall, in the first place, be applicable in payment of the working expenses as hereinafter defined of the new line in such manner that the working expenses of every half-year shall, as far as practicable, be borne by the gross earnings of the half-year, to which such working expenses are probably attributable, and the residue remaining from time to time at the end of each half-year, after debiting all unpaid working expenses incurred up to the end of such half-year, shall be deemed the net earnings of the new line for that half-year, and shall be dealt with accordingly.

25. The term "working expenses" shall mean and include the payment of all salaries and wages of the officials and employees of the Company, for the purposes of the new line, and all expenses of and incidental to the management, carrying on and working of the new line, including all costs and expenses incurred by the Company in and about the repairs and maintenance of the new line, with all stations, station yards, offices, warehouses, conveniences, junctions and works, engines, rolling stock, plant and machinery thereto belonging or there-with or thereon used, and all expenses of and incidental to the working and maintenance of any electric or other telegraphic or telephonic communication of the Company, in respect of the new line.

26. In the working expenses there shall be reckoned and included so much of the cost of providing and maintaining a Police Force and Police Magistrate for the purposes of the new line as is not hereby agreed to be borne by the Government, and any other moneys (whether in the nature of a payment towards a reserve fund or otherwise) which the Government and the Company may from time to time agree, or shall in case of dispute be determined by arbitration to be properly chargeable to working expenses. But no part of the cost of the original construction of the new line or any of the stations, station yards, offices, warehouses, conveniences and works or of any additions to the same or either of them, or of the purchase (except by way of replacement or renewal) of any of the engines, rolling stock, plant or machinery belonging to or used with or on or provided for the new line, shall be included in the working expenses of the new line.

27. The Company shall keep a separate revenue account in which shall be entered all the gross earnings and the working expenses of the new line. The revenue account shall be kept up half-yearly to the 30th day of June and the 31st day of December in every year, or to such other days as the Government and the Company shall from time to time agree and arrange.

For the purposes of this Article the working expenses shall be taken to be the actual expenses incurred on the new line so far as such actual expenses can be determined from the separate accounts kept of the new line, together with a fair proportionate share of the Home and Indian General administrative and other charges for which separate accounts on each of the lines cannot be maintained. The shares so chargeable shall be regulated by the gross earnings of each line or such other factor as may be agreed upon between the Government and the Company from time to time, and this principle shall apply during the construction of the new line, except in so far as it is otherwise hereinafter expressly provided, the Revenue Account of the new line shall not be deemed to and shall not form part of the Revenue Account which is to be kept under the Agreement of 1883.

28. Subject to the provisions of this Contract, the Company and their accounts and affairs generally, so far as regards the new line, shall be subject to the reasonable and *bona fide* superintendence and control of the Government, and for better enabling the Government to exercise such control and superintendence, the Company shall record and keep in proper books for that purpose full and particular accounts of all their transactions and proceedings, including full and true minutes of all their meetings, meetings of Directors and correspondence, so as at all times to exhibit thereby fully and truly the state of their affairs and proceedings, and the Government and any person or persons appointed by them in that behalf shall, at all reasonable times, have free access to all the books, accounts, papers and documents of the Company except confidential correspondence between the Agent and the Board and communications between the Company and their Legal Advisers, and power to make copies of and extracts from the same, and for the purposes aforesaid, it shall also be lawful for the Government from time to time, to appoint an Official Director of the Company as a member of the Board and from time to time, to remove him and appoint another, a vacancy on the Board being at all times reserved by the Company for such Official Director, and such Official Director shall not be subject to the provisions of Article 18 to 25 of the Articles of Association of the Company or any other articles which may hereafter be substituted in their place and he shall have all the powers of an ordinary Director and be entitled in all things to act as such, and to exercise at his discretion a right of protest on behalf of the Government in all proceedings whatsoever at Boards of Directors, except proceedings for the purpose of communicating with the Legal Advisers of the Company. Provided always that when any question, dispute or difference shall arise the same shall be referred for settlement through the British Resident at Hyderabad to the Government of India in their Railway Department, whose decision shall be conclusive and binding on both parties. Nothing hereinbefore contained shall authorize the Government to appoint or discharge any officer or servant of the Company except such Official Director as aforesaid.

No moneys shall be raised by the Company for the new line for capital or any other purpose without the previous sanction in writing of the Government.

29. Subject to the provisions of this Contract, all the expenses of the Company in relation to the new line shall from time to time be stated and submitted to the Government for their sanction and approval and as between the Company and the Government shall be allowed so far only as the same shall from time to time have been sanctioned and approved by the Government. PROVIDED ALWAYS that in case any dispute or difference shall arise between the Company and the Government regarding any item of expenditure which shall have been incurred or shall be proposed to be incurred, such dispute or difference shall be referred for settlement through the British Resident at Hyderabad to the Government of India in their Railway Department, whose decision shall be conclusive and binding on both parties.

30. Until the new line shall be completed and opened for public traffic throughout, the net earnings thereof shall be applied in the first place in or towards replacing any sum or sums paid by the Company in respect of interest on capital during construction under Article 22 hereof, and subject thereto shall be dealt with in the manner hereinafter prescribed with reference to net earnings after the new line shall be opened.

After the new line shall be completed and opened for public traffic throughout and so long as the Government shall be liable to pay the annuity under Article 22, the net earnings of the new line shall be dealt with as follows, that is to say:—The net earnings of every half-year shall be applied, in the first instance, in or towards repayment of the portion of the said annuity, and (unless otherwise agreed) any further guaranteed interest which shall have been paid in respect of the same half-year. And the residue (if any) of the said net earnings shall be applied in manner following, that is to say:—One moiety thereof or such part thereof less than one moiety as shall be sufficient for the purpose shall be applied in or towards repayment to the Government of such sum or sums of money as shall at any previous time or times have been paid by the Government to the Company in respect of the said annuity, or (unless otherwise agreed) any guaranteed interest, and not been repaid, and subject thereto, in or towards the repayment to the Government of any other sum or sums of money for the time being owing by the Company to the Government in respect of the new line; and the balance, if any, of such moiety of net earnings shall be paid to the Government and the Government shall be entitled to retain the same for its own use and benefit. And the remainder of such net earnings shall be added to, and dealt with (under Article 31 of the Agreement of 1883) as part of the net earnings of the Company in respect of the existing line.

And from and after the expiration of the period of the said annuity the said net earnings of the new line in each year shall be applied as follows, that is to say:—A sum equal to interest for such year at the rate agreed upon under Article 20 on such of the debentures issued under that Article as shall, for the time being, be outstanding, shall be retained by the Company and applied in payment of the interest on such debentures and the balance if any of the said net earnings shall be applied as follows, namely:—One moiety thereof in or towards payment to the Government of any sum or sums of money for the time being owing by the Company to the Government in respect of the new line, or, if no moneys shall for the time being remain due by the Company to the Government in respect of the new line, or, if such moiety shall exceed the amount for the time being due by the Company to the Government in respect of the new line, then the said moiety or so much thereof as shall be in excess as aforesaid.

Application of net earnings

during annuity to repayment of the sum paid in same half-year; not more than half residue to repayment of previous payments of annuity.

Remaining moiety to be dealt with under Article 31 of the Agreement of 1883. After expiration of annuity a sum on debenture capital to be retained by Company. Of the balance one half to Government.

said, shall be paid to the Government and the Government shall be entitled to retain the same for its own use and benefit. And the remaining moiety shall be added to, and dealt with (under Article 31 of the Agreement of 1883) as part of the net earnings of the Company in respect of the existing line.

PROVIDED ALWAYS that the adjustment of accounts so far as it shall relate only to the division and appropriation for their own use and benefit of the said balance of the said net of accounts earnings between and by the Company and the Government respectively, shall take place at the end of every year instead of every half-year, that is to say, up to the end of December in every year.

All moneys payable to the Government under this Article shall be paid in sterling at the current rate of exchange in London or in India in rupees as the Government may elect.

The Company's accounts of all receipts and expenses of the new line shall be audited for the Government by any person or persons appointed by the Government from time to time in that behalf, and the Company shall give every facility and assistance required for carrying out such audit to the satisfaction of the Government. The audit of the Government of the Company's accounts shall be on parallel lines and run concurrently with the audit of the Company. The Company's accounts of the capital expenditure incurred on or in connection with the new line shall also be audited for and on behalf of the Government by the person or persons to be appointed by the Government as aforesaid and the system of audit to be applied in this case will be such as may be necessary with regard to the system of disbursement and accounts that may be adopted and followed by the Company, and the Company shall give every facility and assistance required by the Government for such audit.

The revenue account referred to in Article 27 shall be regularly submitted by the Company to the Government, and may in case of any error being discovered therein be objected to within three months from the rendering thereof. Every such account shall, subject to any such objection and correction of error, be considered as settled at the expiration of the said period. All books and accounts of the Company and papers and correspondence relating to such accounts shall at all reasonable times be open to the inspection of the person or persons to be appointed by the Government for the audit as hereinbefore provided. Any reasonable expenses of and incidental to the audit on behalf of the Government (including the expenses of the audit to be incurred by the employment by the Government of any person for any purpose connected therewith) shall be paid by the Company and shall form part of the working expenses of the Company, and the statement of the Government of the amount of such expenses shall be conclusive.

31. All interest paid on capital during construction and all other expenditure of the Company during or relative to the original construction and completion of the new line, with the stations, station yards, offices, ware houses, conveniences and works thereof respectively, and relative to the cost of supplying the requisite engines, carriages, rolling stock, plant and machinery shall, from time to time, be stated by the Company and submitted to the Government, and as between the Company and the Government such expenditure shall be allowed as capital expenditure so far only as the same shall from time to time be or have been previously agreed to or subsequently admitted by the Government or its representative.

32. If any question shall arise whether any expenditure incurred by the Company is to be treated in the whole or in part as a charge incurred on capital account, or how the same is to be dealt with, the same shall be determined on the general principle that capital is to bear the cost of new works, of additional rolling stock, plant, and machinery, and of substantial improvements of and additions to, old works, rolling stock, plant, and machinery (including the cost of any temporary new work, the construction of which is requisite for the construction of a work properly chargeable to capital), and that the cost of repairs, restorations, renewals, or replacements, falls under the head of working expenses, and is not a charge incurred on capital account (provided that the expenses of maintenance or repair necessitated by causes other than fair or ordinary wear and tear if incurred within twelve months after the opening for traffic throughout shall be borne by capital). After the new line has been opened for traffic throughout no portion of the salaries or allowances of any of the Company's permanent supervising or administrative staff shall be chargeable to capital, although for the time being employed partly or wholly in directing or superintending work so chargeable, and no expenses connected with the engagement or passage from or to England of any person in the Company's service shall be chargeable to capital unless such persons shall have been specially engaged to carry out work chargeable to capital, and been actually employed on such work, but, until the new line is opened for traffic throughout, all the expenses of the Company (including all costs and expenses of the Government and of the Company in relation to this Contract) shall be chargeable to capital.

33. If any difference shall arise between the Government and the Company as to whether any expenditure incurred in any particular case to be treated as a charge incurred on capital account the matter in difference shall be referred to the decision of the Joint Auditor, if the Government and the Company shall have appointed such an officer, but in case a Joint Auditor shall not have been appointed, then the matter in difference shall be referred for final decision to the Company's Auditor or some other person, to be named by the Company and a person to be named by the Government, or in case of their being unable to agree to an Umpire to be named by them, and in the event of their failing to do so within fourteen days after the difference shall have been referred to them then the appointment of

an Umpire may be made on the application of either party by the Government of India in the Railway Department. The costs of any such reference shall, unless the referees or referee shall otherwise direct, be treated as part of the working expenses of the Company.

Total capital expenditure of the new line to be stated and certified.

34. The Company shall enter all the expenditure allowed under Article 31 in an account to be called "The Capital Account," and when and so soon as the new line and all proper stations, station yards, offices, warehouses, conveniences and works thereof shall have been completed and provided with the necessary engines, carriages, works, rolling stock, plant and machinery, the Government shall, by examination of such account, ascertain and certify the amount of the expenditure. If any further expenditure shall from time to time be made by the Company, or if any payment shall be made by the Company to reimburse the Government for moneys expended by the Government under Article 9, and if it is agreed between the Government and the Company that such expenditure or payment is properly chargeable to Capital, the same shall in like manner be entered in the capital account, and from time to time as occasion shall require the said capital account shall be made up and stated afresh, and the total amount of expenditure entered therein shall be ascertained and certified by the Government. In the said capital account shall also be entered any moneys produced by sale of property originally purchased under expenditure entered in the said capital account under Article 31 or this present Article, and the Government shall from time to time, as may be necessary, ascertain and certify the amount of the excess of the expenditure entered in the capital account over the receipts entered therein.

Company to keep accounts and traffic returns similar to those required by Government of India.

35. The Company shall keep accounts and returns of its traffic in a manner similar to those required by the Government of India to be kept by the Indian Railway Companies whose undertakings are worked under the supervision of the Secretary of State for India, and in forms similar to those in which the like accounts and returns of traffic are required to be kept by such Companies, or in such other manner and form as the said accounts and returns shall for the time being be required by the Government of India, and the Company shall, at its own cost, render all accounts and returns of traffic required to be kept by it, under this section, to the Government at such times as the Government shall from time to time require. And the books and accounts of the Company shall be open to the inspection of the Government at all reasonable times.

Government to endeavour to obtain powers for Company to form junctions with and running powers over other lines. Company to make arrangements for use of its lines by other Companies in interchange of traffic, etc.

36. The Government will use their best endeavours to obtain for the Company powers to form junctions with other Railways near to the new line and powers to run the trains of the Company on such other Railways upon reasonable terms and conditions, and will endeavour to obtain such powers for the Company with reference to any Railways that may hereafter be formed in the territories of the Government, if such Railways be not constructed by the Company.

Signature of notices to be given by Government.

37. The Company will from time to time, upon the requisition of the Government or of the Government of India, make reasonable arrangements for the use of the new line for the passage of the engines and trains of other Railways for the interchange of traffic and rolling stock thereof, and for the use of any of the stations of the Company, and for the accommodation of the traffic of other Railways, provided that all such arrangements shall be made subject to the payment of reasonable tolls and charges and under reasonable conditions and restrictions.

Company to keep an office at Secunderabad and authorised Agent or committee at Secunderabad or Hyderabad.

38. Every notice, direction, requisition, appointment, approval or certificate to be given or signed on the part of the Government or of the Government of India for any of the purposes of this contract shall be sufficient and binding if in writing signed by any duly authorised official of the Government, or as the case may be of the Government of India.

On expiration of Agreement land, buildings and fixed works, etc., to revert to Government. Company to deliver to Government, plans, surveys, etc. Government to purchase engines,

39. The Company shall at all times keep an office established at Secunderabad or Hyderabad as the Company may determine, and shall keep at such office an authorised agent or committee of agency with whom the Government may communicate on affairs concerning the new line. All drafts drawn and receipts given by the said agent or committee of agency, or under his or their authority on behalf of the Company, concerning the new line and the affairs thereof, shall be binding on the Company, and every notice to be given to the Company other than the notices mentioned in any of the several Articles hereinafter contained, which shall be served at the Company's registered office in London, shall be sufficiently given if left at the office first mentioned in this Article, or if personally served on the agent or any member of the said committee of agency.

40. On the expiration of this Contract by effluxion of time, the land which shall have been provided for the Company under this Contract, so far as the same shall not have been previously delivered up by the Company, shall with the lines and all buildings, works and fixed machinery thereon not then already belonging to the Government revert to the Government free from all debts and charges whatsoever. But subject as to such part of such land and premises as are situate in British territory, to the terms upon which the same shall be held by the Company. The Company shall thereupon deliver to the Government all plans, surveys, sections, books, printings, writings, drawings and documents whatsoever in anywise connected with the new line and the affairs thereof and the Company shall sell and the Government shall purchase all engines, carriages, rolling stock, plant and machinery, and stores, which on the expiration of this Contract shall be the property of the Company and used in working the new line, or in connection therewith, for such sum of money as shall be the fair

value thereof for the purposes of the new line, the same to be determined in case of dispute by arbitration in manner by Article 46 provided in respect of the matters therein dealt with, and such sum of money with interest thereon at the rate of  $2\frac{1}{2}$  per cent. per annum, calculated from such expiration as aforesaid, until payment shall be paid in sterling by the Government to the Company in London within six months after the amount thereof shall have been determined.

rolling stock, etc., at fair valuation subject to arbitration, and bearing interest at  $2\frac{1}{2}$  per cent. per annum until paid.

41. It shall be lawful for the Government to acquire the new line with the stations, station yards, offices, warehouses, works, conveniences, engines, rolling stock, plant, machinery and stores thereto belonging upon the 1st day of January, which shall be either in the year 1914, 1934 or 1954, upon giving 12 months' previous notice in writing to the Company in London of the intention of the Government to acquire the same, and, in case such notice of acquisition shall be given, the land provided for the Company under this Contract, so far as the same shall not have been previously delivered up, with the lines and all buildings, works and machinery thereon (not then already belonging to the Government) subject as to the land and line in British territory to the terms upon which the same shall be held by the Company, and all engines, carriages, rolling stock, plant, machinery and stores used in working the new line, or in connection therewith, or appropriated thereto, shall on the 1st day of January, 1914, 1934, or 1954, as the case may be, and upon payment of the purchase money hereinafter mentioned for the same, become the absolute property of the Government, free from all debts and charges whatsoever, and the Company shall thereupon deliver to the Government all the engines, carriages, rolling stock, plant, machinery and stores used upon or in connection with or appropriated to the new line and all surveys, plans, sections, printings, writings, drawings, and documents whatsoever in anywise relating thereto. The Government shall on the day on which the new line and other the premises mentioned in this Article shall under this Article become the property of the Government, pay to the Company in London, in sterling, so much of the debenture capital mentioned in Article 20 as shall be then unredeemed. Provided always and it is hereby expressly agreed and declared that, if the Government shall exercise the right of acquiring the new line in the year 1914, then and in that case, the Government shall pay to the Company a bonus of 25 per cent. on so much of the debenture capital mentioned in Article 20 as shall be then unredeemed. Provided also that if the right to acquire the new line shall not be exercised in the year 1914, no bonus shall be payable in the year 1934 or 1954.

Powers to Government to purchase new line on 1st January, 1914, 1934, or 1954 on giving 12 months' previous notice and on paying amount of Company's Debentures.

42. In case of any breach on the part of the Company of any of the provisions herein contained, it shall be lawful for the Government, upon the report of an Inspecting Officer, to give to the Company in London six months' notice in writing of the intention of the Government to terminate the interest of the Company in the new line and works, and the land provided for the same, and unless the default or breach shall be made good or remedied prior to the expiration of the said six months, or such further period, if any, as shall be agreed between the Government and the Company, or determined by arbitration under Article 46, it shall be lawful for the Government on the expiration of the same six months, or such further period, as the case may be, and upon payment of the amount next hereinafter mentioned, to assume possession of the new line, works and land, and of the engines, carriages, rolling stock, plant, machinery and stores belonging or appropriated to the new line free from all debts and charges whatsoever but subject as to such part of such line and works as are in British territory to the terms upon which the same shall be held by the Company. And in case of such possession being assumed, the Government shall pay to the Company in London in sterling so much of the debenture capital mentioned in Article 20 as shall be then unredeemed.

In case of breach of contract by Company, Government may give notice to terminate Company's interest in the line. Unless the fault or breach remedied, Government may assume possession of line, etc., paying to Company amount of capital unredeemed.

43. Upon the Government acquiring the right of possession of the new line and the interest of the Company in the same terminating under any of the three Articles last hereinafter contained, the obligations of the parties hereto under any of the provisions of this Contract (save the provisions in such three Articles) shall as to any future operation thereof cease. But it shall be lawful for the Government out of any moneys payable by them to the Company under any of such Articles, to deduct the amount (if any) of money in the hands of the Company, representing capital sanctioned by the Government but remaining unpended.

Upon termination of Company's interests provisions of contract to cease. But Government may deduct any unexpended capital from moneys payable by it to Company. Guarantee Fund under Agreement of 1883 and the investments for the time being representing the same and the income thereof shall, subject to the terms and conditions of that Article, be held by the Trustees therein mentioned to secure the punctual payment of the said annuity payable by the Government to the Company under Article 22 hereof.

44. And it is mutually agreed that the sum of £200,000 referred to in Article 46 of the Agreement of 1883 and the investments for the time being representing the same and the income thereof shall, subject to the terms and conditions of that Article, be held by the Trustees therein mentioned to secure the punctual payment of the said annuity payable by the Government to the Company under Article 22 hereof.

Guarantee Fund under Agreement of 1883 and the investments for the time being representing the same and the income thereof shall, subject to the terms and conditions of that Article, be held by the Trustees therein mentioned to secure the punctual payment of the said annuity payable by the Government to the Company under Article 22 hereof.

Balance of annuity under Article 22 to be paid to Trustees.

45. The balance of the annuity to be paid by the Government to the Company in pursuance of Article 22 from time to time remaining in the hands of the Company after each half yearly payment of the interest specified in that Article, shall be immediately paid over by the Company to the Trustees mentioned in Article 44.

during period of annuity for investment in sinking fund for redemption of debenture capital, and after expiration of annuity for such redemption subject to terms of issue of the said capital.

The said Trustees shall, during the period of 20 years mentioned in Article 22 invest all moneys received by them in respect of such balance of the said annuity in manner mentioned in Article 46 paragraph (A) of the Agreement of 1883 and shall hold the stocks, funds and securities on which the said moneys shall be invested, and the accruing interest and dividends thereof, in trust to be accumulated and to form a sinking fund for the redemption of the said debenture capital mentioned in Article 20, and after the expiration of the said period of 20 years shall apply the said sinking fund or any part or parts thereof towards the redemption of the said debenture capital in such manner and at such times as shall be requisite having regard to the terms of issue of such debenture capital and subject thereto in such manner and at such times as the Government and the Company shall agree.

On determination of contract balance of sinking fund to be applied, in case of purchase or forfeiture, to part payment of money payable by Government to Company under Articles 41 and 42, and, in case of expiry by effluxion of time, first in repayment of outstanding debenture capital, balance to payment of debts to Government and the remainder shall belong to the Company.

Arbitration clause.

On the determination of this Contract otherwise than by effluxion of time any balance of the said sinking fund which shall then remain unapplied, shall, in the event of the Government acquiring the undertaking under Article 41 or in the event of a forfeiture under Article 42 and up to the amount payable in respect of the said debenture capital for the time being unredeemed and subsisting and any interest thereon and all moneys for the time being payable by the Company to the Government, be treated as and applied by the Trustees in part payment of the money payable by the Government to the Company under those Articles respectively, and in the event of the expiration of this Contract by effluxion of time, any such balance shall be applied in repayment, so far as the same will extend, of the said debenture capital or so much thereof as immediately before the said expiration, shall have been unredeemed and subsisting, and interest thereon and subject thereto shall be applied in payment to the Government of any moneys then payable by the Company to the Government subject as aforesaid any such balance shall belong to the Company.

46. If the Government and the Company shall fail to agree touching any matter with respect to which their agreement is required by this Contract or if any dispute or question shall arise as to the necessity for or the character, situation or extent of any work proposed by the Company or required by the Government to be executed by the Company under any of the provisions hereinbefore contained, or if in any case whatsoever (except with respect to matters referred to in Articles 28, 29 and 33) any dispute, question or controversy shall at any time arise between the Government and the Company touching this Contract, or the construction or operation hereof, or the rights, duties, or liabilities of either party in relation to the premises, then and in any of such cases, the matter as to which the Government and the Company shall fail to agree or the matter in difference as the case may be, shall be submitted to a Board of Arbitration one member of which shall be appointed by the Government, and the other by the Company, and the duty of such Board shall be to enquire into and equitably adjust and determine such disputes, and if unable to do so by reason of difference of opinion amongst the members thereof or for any other reason, to refer the said dispute for determination to an Umpire, to be appointed by the mutual consent of the said Board in each case before they proceed to arbitration, or in case the said Board shall not, within fourteen days after the dispute or difference shall have been referred to them, have appointed the said Umpire, the appointment of an Umpire may be made upon the application of either party by Her Majesty's Secretary of State for India, and the decision of such Board, or in the event of their not arriving at a decision as aforesaid, of such Umpire shall be final and binding upon both parties, and no appeal shall lie therefrom, and upon every such reference the Board of Arbitration and Umpire shall respectively have power to examine witnesses upon oath or affirmation, and to fix, settle and determine the amount of the cost of the reference and award respectively or incidental thereto to be paid by both parties or by either party, and to direct and award when and by whom such costs shall be paid. In matters not otherwise herein

provided for the provisions of the Imperial Act of Parliament known as the Railway Companies' Arbitration Act, 1859, shall *mutatis mutandis* have effect in relation to every arbitration under this Contract.

47. This Contract is subject to ratification by Her Majesty's Secretary of State in Council for India and to ratification by an Extraordinary General Meeting of the Members of the Company, and if this Contract be not so ratified within six months from the date hereof either party may by notice in writing to the other of them rescind this Contract and neither party shall have any claim against the other of them under or in respect of any of the provisions hereof.

48. The marginal notes hereto are for the purpose of convenience only and shall not affect the construction or interpretation of this Contract.

In witness whereof the said Thomas George Robinson acting for and on behalf of the Government of His Highness the Nizam of the Hyderabad State, has hereunto set his hand and seal and the Company have caused their Common Seal to be hereunto affixed the day and year first above written.

Signed, sealed and delivered by the above-named  
THOMAS GEORGE ROBINSON in the presence of

W. G. TWEDDLE,  
112, Bishopsgate Street,  
London,  
Solicitor.

T. G. ROBINSON.

L. S.

The Common Seal of His Highness THE NIZAM'S  
GUARANTEED STATE RAILWAYS COMPANY, LIMITED,  
was affixed hereto in the presence of

ALEX. FRASER } Directors.  
J. CLEGHORN }

W. G. HALL,  
Managing Director.

The Seal of His  
Highness the  
Nizam's Guaranteed  
State Railways  
Company,  
Limited.

Resealed 29th June 1897.  
See Resolution No. 983 of Board.  
Passed 29th June.

All communications  
should be addressed  
to the Secretary.

No. 1637 B.O.  
GOVERNMENT OF INDIA.  
PUBLIC WORKS DEPARTMENT.  
RAILWAY CONSTRUCTION.



1/P  
Simla, the 30th September 1897.

The under-mentioned papers are forwarded to the  
*Joint-* Secretary to the Government of Madras, Public Works Depart-  
ment, for information.

By order,

*G. A. Subramaniam*

Under Secretary.

*A.P.*

For ment reference to :-

Copy of Secretary of State's despatch No. 80 Railway  
dated 15th August 1897, and enclosures.

Hyderabad Godavari Valley Railway.

Contract dated the 16th March 1897.

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5555/57