

DRAFT.

28th May, 1958.

My dear Mr. Nayar,

I am sending to you a copy of <sup>our</sup> ~~my~~ <sup>S</sup> answer to the questions raised by Fraser & Ross. I hope it is fairly clear. As you know, we have purchased no land in 1957 and the item of the Bulldozer and Tractor was a useful way tried by us to provide the factory with fuel, as the stumps and trees removed are used for fuel in our factory. We carried no item of fuel in our accounts though a lot of fuel is consumed by the factory every year. I have often thought about this point, but we have never come to any decision. We have now found that it is better to use mechanical means to secure wood and I hope we shall also do it in the future. No new planting was actually carried out by us in 1957.

Please note what I have to say about the extra payment by Hindustan Levers. Since the original figure was a protection against rising expenses of new taxes we should really charge against this figure payment made and as well as a provision for the payment in the current year of the Agricultural tax which happens to come to the same amount, in-other-words, the payments made and the liability to pay for the Agricultural Tax cancels this figure. I am consulting my advisors on this very point and will give you their final advice which, if <sup>it</sup> meets with your approval, we can adopt.

Kindly read carefully all my remarks as well as my answer regardint travelling expenses. As you know well, last year we had very heavy expenses which were necessitated by unusual long stays at various big centres which were brought about by certain new conditions which had to be studied and considered from so many angles. There is very little in our activities at the present moment which is not connected in one form or another with the Estate and its development, as the welfare of the Estate depends on so many factors which have to be considered, including the big development which we have in our mind.

*with Best wishes*



D R A F T.

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28th May, 1958.

Messrs. Fraser & Ross,  
Chartered Accountants,  
BANGALORE.

Dear Sirs,

In answer to your letter of May 23rd, 1958, we send you the following explanations and comments:-

PROPERTIES & ASSETS.

The title deeds of Tatgunni Estate were free from any encumbrance as on 31st December, 1957.

No land was purchased in the year 1957 (year ending 31st December 1957), and no new planting was done in the year 1957.

We shall be glad to show you a copy of the gift deed — upon Dr. S. Roerich's return to Bangalore.

At the present moment, the Central Income-tax is levied in one name of Mrs. Devika Rani Roerich, but Agricultural tax is divided into the respective shares of the estate, namely, 1/3rd and 2/3rds, and paid separately.

PLANT & MACHINERIES:

The inventories will be brought up-to-date and given to you some time upon Dr. S. Roerich's return, but there will not be much change in the figure.

DEPOSITS:

The deposits held by the Electricity Department, Bangalore, is a quasi permanent deposit refundable only, we understand, upon the termination of our use of electric power.

STORES:

This relates both to the buildings and furniture.

STOCK-IN-TRADE:

We confirm this figure.

ADVANCES:

We enclose a separate list with explanations.

CAPITAL & LIABILITIES:

An amount of Rs.500/- to Mr. K.K. Nair to be included;  
also an amount of Rs.950/- to A.F. Fergusson & Co.

*Nayar -*



PROFIT & LOSS ACCOUNT:

Travelling expenses <sup>As</sup> before we considered that no less than 2/3 of the expenses so incurred are for purposes or are connected with the estate, its development, production of oil, ~~and so on~~ sales, administration, counsel, etc. etc. Practically, all travel is connected in one way or other with travels arising out of the administration of the <sup>S</sup>state, its up-keep and development. The Medical expenses were actually incurred in the course of these travels and <sup>also</sup> include treatment as well as medicines, ~~and~~ <sup>for</sup> servants who fell ill in the course of travel. Photographic material may be treated as at half. Freight consists of certain equipment for the Estate, as well as library which was also brought to the Estate. They were sent by special lorry, train or plane.

SALES:

The sum mentioned represents a payment made to meet and <sup>✓</sup> provide for Agricultural Taxes which though paid and provided for, have not been shown in our accounts. The sum mentioned, though received in 1957, includes past years, hence, as <sup>we</sup> I have discussed with Mr. Nayar, since we have not so far shown either payments or ~~provision~~ <sup>was meant to meet</sup> for Agricultural Income-tax, This figure represents and <sup>we</sup> take care of such payments and provisions. <sup>we</sup> I shall be addressing to you a separate letter on this issue for your perusal after consultation with some of our advisors.

<sup>we</sup> Further I would like to know if in the 2 payments received from the Hindustan Levers in ~~December~~ 1957 for:

- (1) Rs.40,892.00, and on Oct. 14<sup>th</sup> / 40,867 - after Bank charges)
- (2) Rs.49,241.00, <sup>+</sup> on Nov. 11<sup>th</sup> / 49,210 - after Bank charges)

the Sales Tax of 1% which is included in these figures has been subtracted in the final adjustment of the figures or has been <sup>carried forward</sup> as a liability for payment since it is due for payment now. These two figures, please note, are the first two figures in which the Sales Tax <sup>has been</sup> is included. <sup>and will be</sup> included ~~henceforth~~ in future m's.

We also confirm that the entire deliveries have been accounted for.



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D R A F T.

28th May, 1958.

List of Advances as on 31st December 1957  
referred to in Messrs. Fraser & Ross' letter  
dated 23rd May, 1958.

Advance to Carpenter: The advance was for the purchase of materials for repairs by the carpenter and also includes his Assistants and bus fares.

Raghavan K. Nayar: <sup>ndir</sup> Actually two payments <sup>of Rs 500 each</sup> (were made to Mr. Nayar: <sup>12</sup>  
(1) on 1.3.57, and  
(2) on 12.7.57

which represent a salary or honorarium for his work which he was doing for us in Bombay, in connection with the estate. These were recurrent amount, <sup>S</sup> as you know, and should be treated as wages and salaries.

The Donation to Raja Rama <sup>P</sup> Ravina P. Venkat <sup>a</sup> Ramana Rao is a donation to Children Welfare Home in Madras of which Mr. Rao is the head and one of the Trustees.

P.S. Lamba: For expenses incurred by him in New Delhi in connection with sending off some documents.

Advance towards hire of a Bulldozer and Tractor: The Bulldozer and Tractor were used to clear an area of trees and stumps to be used as fuel in our factory. Removing them by hand, as we have done before, was not economical, hence the use of mechanical equipment. Kindly not <sup>c</sup> that no provision for fuel was made in the Accounts for many years, fuel having been cut by hand <sup>on our lands</sup>.

Rahimtoola: Repairs to some drainage and pipes.

Money Order sent to Bombay: I believe, it was for some stationery ordered here.

We shall be glad to <sup>answer</sup> any additional points in case any further explanations may be needed. As I said before, the inclusion of the figure from Hindustan Levers, you mentioned in the <sup>S</sup> Sales of oil will be dealt <sup>with us</sup> by ~~me~~ separately after consultation with <sup>our</sup> ~~my~~ advisors, but <sup>we</sup> I quite understand your point of view.