

Company Notes**The New India Assurance Co.**

AN attractive diagram on the inside cover of the Annual Report of New India for 1951 shows the growth of business of the Company for the last 11 years. There has also been an appreciable increase in the Life and Fire Departments for the year 1951. The net profits for the year, however, have fallen from Rs 54 lakhs to Rs 37.36 lakhs, due mainly to the loss transferred from Marine Revenue Account. The actual loss transferred to Profit and Loss Account amounts to Rs 2.76 lakhs in contrast to the profit of Rs 15.6 lakhs in the preceding year. The working in other departments shows an increase of Rs 6.8 lakhs in profit in the Fire Revenue Account and a fall of Rs 4.7 lakhs in profit in the Miscellaneous Insurance Revenue Account. The Profit and Loss Account also reveals a transfer of Rs 12.8 lakhs from Investment Reserve Account mainly to write down the loss on investments amounting to Rs 15.3 lakhs.

The lower profits have necessitated reductions in the appropriations recommended. Transfer to Reserve for Taxation is reduced from Rs 26 lakhs to Rs 15 lakhs and to General Reserve by Rs 10 lakhs to Rs 6 lakhs. A sum of Rs 2 lakhs is transferred to Dividend Equalisation Fund as against Rs 3 lakhs in 1950. The balance carried forward shows an increase of Rs 5 lakhs to Rs 15 lakhs. The larger balance is for the maintenance of the dividend of Rs 2 per share, on the increased capital. It may be recalled that last year the Company issued new shares on the basis of one share for every two shares held at Rs 30 per share. Rs 15 towards capital and Rs 15 as premium.

The position of all the departments other than Life is shown in the Table below:

(Figs. in lakhs of Rs)							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Departments	Net premium	Net claims paid & outstanding	Commission, Expenses of Management & Foreign Taxes	as % of (4) (2)	Reserve for unexpired liability as % of (2)	Additions to Reserve	Transfer to Profit & Loss A/c (+) or (-)
Fire	223.33	78	85.26	38.2	42.1	6	+34.83
Miscellaneous	57.71	25.79	16.64	28.8	41.6	2	+ 4.92
Marine	82.7	53.82	14.06	17	•00.4	—	- 2.76

In the Life Department during the year, 60,475 proposals were received for assurance amounting to Rs 1,06 crores. Of these and few

others awaiting completion at the end of 1950, 47,639 proposals resulted in policies for Rs 16.69 crores of which Rs 31.76 lakhs was reassured. The total number of policies in force is 2,07,472 assuring with bonuses a sum of Rs 75,07 crores of which Rs 2.91 crores is reassured. The net premium amounted to Rs 3,85 crores and the net claims paid and outstanding to Rs 61.28 lakhs. The ratio of expenses of management to premium income for the year was 28.6 per cent. The Life Fund stands at Rs 14.73 crores as against Rs 12.82 crores at the end of the previous year.

The year's operations resulted in an increase of Rs 3.18 crores in

the total funds of the Company and the position at the end of 1951 is summed up as follows:

(in lakhs of Rs.)	
Paid up Capital ..	1,06.78
Fire Fund ..	1,50.00
Miscellaneous Insurance Fund ..	1,24.00
Life Assurance Fund	14,73.55
General Reserve ..	56.00
Premium on shares ..	36.19
Exchange Reserve ..	12.41
Dividend Equalisation Fund ..	15.00
Leasehold Redemption and Sinking Fund	2.17
Profit & Loss Appropriation A/C Balance	14.95
Total Funds ..	20,37.05

The current quotation of Rs 15 paid-up shares is Rs 44. With dividend at Rs 2 per share, the yield is 4¼ per cent.

The National Rayon Corporation

THE rayon yarn market is passing through difficult days. There has been heavy speculation in the commodity and the market was flooded with imports of yarn and staple fibre during the last year. In the beginning of last year, the prices were pushed up to Rs 2,400 per case of 200 lbs which led to the subsequent liberalisation of imports. The National Rayon Corporation could not avail itself of high prices as the production in its factory was started only in June last year, which almost coincided with the beginning of the slump. The liberal import policy led to large imports of yarn. The market price of rayon has gone below the landed cost around Rs 900-950 per case.

In spite of these adverse developments, the working of the National Rayon Corporation for the year ended December 1951 has resulted in a profit of Rs 14 lakhs against the loss of Rs 6 lakhs in the previous year. This is subject

off several expenses. Arrears of dividend on preference shares for the years 1947 and 1948 have been paid, leaving a net contingent liability of Rs 32 lakhs in respect of dividend on cumulative preference shares.

The total amount of depreciation allowed for the first year of the working of the plant comes to over 50 per cent of the total capital expenditure under the Income-Tax Act. The gross block of the Company stands at Rs 415.55 lakhs. For 1951, Rs 35 lakhs is provided for depreciation and is considered by the directors to be reasonably adequate.

During the year under report, the Company placed orders for Hank Reeling Machines due to the demand for this type of rayon from consumers. The machinery has been received and installed in the extension of the factory building nearing completion.

There was acute shortage of raw materials last year and prices of wood pulp, caustic soda and sulphur—the important raw materials of the industry—shot up by 300, 25 and 100 per cent respectively. The required quantity was not available even at these high prices. The present position is much better as the supply of wood pulp and caustic soda is becoming easier. Sulphur is supplied only to the extent of 50 per cent of the industry's requirements by the Government of India. The Company's products compare favourably with the best imported yarns.

to taxation and is arrived at after providing a total of Rs 43 lakhs towards depreciation, reserve for bad and doubtful debts and writing