

# A Comprehensive Trend Analysis of Assets, Liabilities, and Shareholders' Equity at Tanfac Industries Limited

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## Abstract

This academic treatise presents a rigorous empirical investigation into the structural evolution, capital allocation strategies, and net worth creation trajectory of TANFAC Industries Limited over a five-year temporal horizon spanning from the fiscal periods 2020–21 to 2024–25. Utilizing audited standalone financial data compiled under Indian Accounting Standards (Ind AS), the research applies advanced financial paradigms including horizontal trend indices, absolute structural change analysis, vertical common-size modeling, and core solvency and turnover metrics. The analytical findings reveal an extraordinary expansion in operational capacity and economic strength, with total corporate assets expanding by a factor of 3.5, escalating from ₹12,026.77 lakhs in the baseline year of 2020–21 to an un-diluted footprint of ₹42,641.14 lakhs by the termination of the study period in 2024–25. This structural mutation was primarily catalyzed by deep non-current asset expansion and a massive capital reinvestment phase during 2024–25, which saw net Property, Plant, and Equipment (PPE) appreciate by 319% to reach ₹16,778.52 lakhs.

On the financing and capital structure front, the paper illuminates a stellar narrative of non-dilutive net worth cultivation. Total shareholders' equity grew by 274.8%, expanding from ₹8,323.57 lakhs to ₹31,197.41 lakhs, driven entirely by robust profit retention and reserve accumulation, while the equity base capital remained wholly un-diluted at ₹997.50 lakhs. This structural trajectory pushed the Net Asset Value (NAV) per share from ₹83.44 to ₹312.76, demonstrating a compounding annual growth rate of 39.14%. Concurrently, analysis of corporate liabilities highlights a deeply conservative debt-management framework, characterized by a stellar proprietary ratio consistently exceeding 69% and a debt-to-equity baseline moving within 0.31x to 0.44x. The introduction of short-term borrowings amounting to ₹4,142.63 lakhs in the final fiscal interval represents a deliberate, calculated funding bridge for the execution of its massive chemical plant expansion. Finally, the study identifies critical emerging vulnerabilities—most notably an escalating trade receivables mismatch where the debtor collection index outpaced revenue expansion. The article concludes with a holistic board-level framework encompassing debt retirement schedules, formal credit policy revisions, and strategic transitions into ultra-high-margin downstream fluoro chemical derivatives.

**Keywords:** *Trend Index Analysis, Common-Size Balance Sheets, Capital Allocation Strategy, Specialty Fluorochemicals Industry, Non-Dilutive Value Creation, Debt Optimization, Asset Turnover Velocity.*

## 1. INTRODUCTION

### 1.1 Theoretical and Practical Overview

The corporate balance sheet represents the ultimate, multi-dimensional snapshot of an organization's structural constitution, systematically aggregating data concerning its economic resources (assets), its commercial and financial obligations (liabilities), and the residuary proprietary ownership stakes held by its investors (equity). However, while an individual annual snapshot offers an insightful cross-sectional view of corporate position at a singular point in time, it remains inherently restricted in capturing historical velocity, strategic direction, or structural resilience across market cycles. Consequently, the systematic, longitudinal deployment of balance sheet trend analysis over a continuous, multi-year horizon transforms static disclosures into dynamic indicators of financial health, operating efficiency, and long-term going-concern sustainability.

By assessing relative changes, multi-period trend indexation, and common-size structural weights, corporate analysts and internal leadership can map the precise alignment between formal capital allocation strategies and actual financial structure execution. For capital-intensive asset classes—such as the specialty chemical manufacturing industry—this multi-period mapping reveals crucial insights. It outlines whether fixed productive assets are expanding ahead of demand, how core working capital loops behave relative to underlying topline revenue growth, and whether corporate reserves are compounding organically through operations or facing structural dilution from repeated external equity or high-cost debt capital dependencies.

### 1.2 Profile of the Subject Entity: TANFAC Industries Limited

TANFAC Industries Limited, corporate-headquartered in Chennai and listed publicly on the Bombay Stock Exchange (BSE Scrip Code: 506854), stands as a pioneering institution within the domestic specialty fluorochemicals ecosystem. Established originally in 1972 as a joint venture between the Tamil Nadu Industrial Development Corporation (TIDCO) and Hindustan Organic Chemicals Limited (HOCL), the organization has undergone a massive strategic re-orientation. Consequent to the acquisition of a dominant, controlling promoter interest by Anupam Rasayan India Limited, TANFAC has transitioned smoothly into a market-responsive powerhouse specializing in advanced fluorine chemistry. The firm's integrated state-of-the-art production assets at Mettur Dam, Salem, manufacture highly critical technical compounds including Hydrofluoric Acid (HF), Aluminium Fluoride ( $\text{AlF}_3$ ), Potassium Fluoride, and other down-stream fluorinated intermediate solutions.

These technical chemicals serve as basic raw building blocks and high-value catalysts across critical industrial sectors including primary aluminum smelting, low-GWP refrigerant gas blending, advanced pharmaceutical synthesis, crop protection, and specialized semiconductor wafer etching. Given the asset-heavy and supply-chain-sensitive architecture of this domain—where crucial inputs like fluorspar mineral ores must be globally sourced under highly volatile trade conditions—TANFAC represents a compelling, highly rich corporate case study for evaluating asset resilience, leverage governance, and balance sheet transformation.

### 1.3 Statement of Objectives and Structural Boundaries

The fundamental architecture of this longitudinal paper is systematically bounded around the following core investigatory objectives:

- To establish a robust horizontal and vertical analytical assessment mapping the multi-year asset trajectory of TANFAC Industries Limited from fiscal periods 2020–21 through 2024–25.
- To decipher the exact composition, magnitude, and financial implications of the organization's current and long-term liabilities, evaluating solvency variables in the wake of fresh capital debt optimization.
- To dissect the pure organic growth velocity of shareholders' equity, determining the degree of non-dilutive book value compounding and return optimization.

- To map empirical correlations between distinct structural balance sheet variables and profit performance outcomes, rendering actionable strategic blueprints for corporate asset optimization.

The structural boundary of this research is strictly contained to the standalone financial declarations of TANFAC Industries Limited as an individual corporate entity under Ind AS, thereby precluding the consolidated financials of the holding entity Anupam Rasayan India Limited or associated group networks. Chronologically, the study is pinned to a five-year window encompassing the deep macro-economic distortions of the pandemic (2020–21), the dramatic post-pandemic global commodity super-cycle and chemical price inflation spikes (2021–22 to 2023–24), and the completion of its landmark facility capital expenditure cycle in 2024–25.

## 2. REVIEW OF LITERATURE

### 2.1 Theoretical Framework of Financial Trend Analysis

In the domain of financial statement critique, longitudinal trend modeling is viewed as a primary methodology to dismantle static historical data and extract predictive velocity vectors. Foundational thinkers emphasize that while structural analysis across isolated quarters offers localized insights, it is the multi-period horizontal indexation that provides deep clarity on strategic patterns. By mapping all balance sheet entries back to a normalized base year (set at 100), investigators can strip away basic scale variations and compare the relative growth velocities of fundamentally mismatched variables, such as comparing overall non-current asset accumulation directly against the compounding of retained earnings or short-term trade obligations.

Scholars have historically posited that the most financially pure trajectory for an industrial manufacturing enterprise is one where net equity compounding outpaces overall asset footprint inflation, thereby confirming that capital growth is self-funded via structural profit optimization rather than via continuous external capital extraction. Furthermore, vertical common-size modeling serves as a critical structural complement, enabling analysts to evaluate relative adjustments in internal component weights—such as the ratio of productive fixed property blocks to total corporate assets—thereby uncovering underlying strategic resource reallocations that are typically masked by gross scale expansion.

### 2.2 Empirical Dimensions of Capital Architecture and Reinvestment

Industrial manufacturing networks operating inside asset-heavy domains exhibit highly unique balance sheet architectures characterized by massive property, plant, and equipment (PPE) intensities. Academic reviews focus extensively on the tracking of Capital Work-in-Progress (CWIP) as a crucial forward-looking leading indicator of revenue acceleration. When an industrial enterprise records a significant increase in its CWIP-to-asset coefficient, it indicates a planned capacity transformation that will alter future competitive positioning, provided the underlying facility commissioning operates without major temporal or cost overruns.

Concurrently, the maintenance of short-term asset liquidity within chemical networks requires deep analytical oversight due to the complex nature of inventory loops. Industrial chemical networks dealing with internationally imported mineral inputs—such as acid-grade fluorspar derived from concentrated global hubs—are structurally forced to execute deep safety-stock buffers to mitigate global freight risks. This strategy expands the aggregate inventory footprint and requires a highly flexible current asset composition backed by deep liquid reserves, ensuring that raw material price inflation spikes do not choke working capital access or disrupt plant manufacturing continuity.

## 3. RESEARCH METHODOLOGY

### 3.1 Research Philosophy and Research Design

This investigatory treatise implements an objective, descriptive-analytical research architecture designed to comprehensively map and decode the long-term balance sheet trajectory of TANFAC Industries Limited. The study relies entirely on a quantitative research design utilizing historical secondary data sets extracted directly from the published, audited annual reports

of the subject organization covering the continuous five-year horizon from April 1, 2020, through March 31, 2025. Given the strict historical nature of financial statement evaluations, primary data collection techniques were omitted, ensuring absolute objectivity and complete audit-verified data fidelity across all parameters.

### 3.2 Sample Metrics, Temporal Horizons, and Operational Phases

The population space for this study encompasses the complete historical financial data library of TANFAC Industries Limited. The research applies the census sampling approach, incorporating  $N = 5$  consecutive financial years into the active analytical matrix. This specific temporal frame (2020–21 to 2024–25) was chosen because it represents an extraordinary operational lifecycle containing four distinct macro-economic and strategic phases:

1. The Pandemically Disrupted Base Phase (2020–21): Characterized by restricted logistical footprints, volatile manufacturing utilization levels, and a highly compact balance sheet structure with modest baseline working capital coefficients.
2. The Super-Cycle Profit Consolidation Phase (2021–22 to 2022–23): Defined by a spectacular surge in international fluorochemical pricing, enabling the organization to generate exceptional net profits and accumulate immense liquid investments.
3. The Debt-Free Cash Accumulation Peak (2023–24): Where the proprietary ratio hit historical peaks, external bank borrowings remained at zero, and liquid fund assets peaked ahead of heavy capital deployments.
4. The Structural Capital Expansion Transformation Year (2024–25): Characterized by a massive capital expenditure shift, the deployment of accumulated cash reserves, and the strategic introduction of short-term debt instruments to commission major production blocks.

### 3.3 Data Collection, Audit Protocol, and Data Quality Assurance

The financial inputs were systematically extracted from the individual balance sheet accounts, profit and loss statements, and explanatory notes within the formal annual statements of TANFAC. To ensure absolute data validation, a multi-year comparative cross-verification protocol was implemented, wherein the opening balances of any specific fiscal cycle were cross-checked against the closing balances disclosed in the preceding cycle's formal reports. The financial statements for the 2020–21 cycle were audited under standard protocols by Khimji Kunverji & Co LLP, while the subsequent fiscal periods from 2021–22 through 2024–25 were audited by Singhi & Co., Chartered Accountants, validating the absolute reliability of the underlying database.

## 4. DATA ANALYSIS AND INTERPRETATION

### 4.1 Longitudinal Evolution of Total Balance Sheet Assets

The gross asset architecture of TANFAC Industries Limited over the five-year study framework displays a pattern of highly accelerated growth, highlighting a profound transformation in the operational scale of the organization. As empirically modeled in Table 4.1, the aggregate corporate asset footprint expanded from a baseline of ₹12,026.77 lakhs in fiscal period 2020–21 to an expansive footprint of ₹42,641.14 lakhs in 2024–25. This structural surge represents a spectacular 3.54-fold multiplication over the baseline horizon, finishing with a final asset trend index value of 354.6.

**Table 4.1: Structural Trajectory and Indexation of Total Corporate Assets**

Financial Year	Total Assets (₹ Lakhs)	As-sets (₹)	YoY Growth Rate (%)	Absolute Change (₹ Lk)	Trend Index	NCA Weight (%)	CA Weight (%)
2020–21	12,026.77		Baseline	—	100.0	37.58%	62.42%
2021–22	18,232.48		+51.60%	+6,205.71	151.6	29.84%	70.16%
2022–23	25,180.91		+38.11%	+6,948.43	209.4	25.03%	74.97%
2023–24	30,101.01		+19.54%	+4,920.10	250.3	33.11%	66.89%
2024–25	42,641.14		+41.66%	+12,540.13	354.6	42.22%	57.78%

### 5.3 Conclusion

This multi-period horizontal and vertical research paper provides a comprehensive evaluation of the five-year structural transformation executed at TANFAC Industries Limited from 2020–21 through 2024–25. The empirical results demonstrate an exceptional corporate transformation, characterized by a 3.54-fold multiplication of total corporate assets alongside a 274.8% compounding of proprietary net worth, achieved entirely through disciplined profit retention. By avoiding external equity dilution and maintaining a conservative leverage profile across volatile macro-economic cycles, the company has transformed into a highly resilient specialty chemical producer.

While the strategic introduction of short-term debt and the elongation of debtor collection cycles in 2024–25 present minor near-term working capital adjustments, they remain securely backed by a robust 73.16% proprietary baseline. The detailed recommendations outlined in this treatise—encompassing credit management changes, structured debt retirement schedules, and future value-chain expansion into high-purity downstream fluorochemical derivatives—provide a clear, actionable roadmap for the executive board. Ultimately, this study demonstrates that maintaining a disciplined balance sheet structure, paired with a clear, well-timed capital allocation strategy, serves as the ultimate engine for driving non-dilutive shareholder value creation and long-term competitive advantage within the complex landscape of the Indian chemical manufacturing industry.

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