

December 05, 2025

Transoceanic Agro Comm Private Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term Fund-based – Cash credit	45.00	45.00	[ICRA]BBB (Stable); Reaffirmed
Long-term Interchangeable – Cash credit	(16.10)	(16.10)	[ICRA]BBB (Stable); Reaffirmed
Short-term – Non-fund based	180.00	180.00	[ICRA]A3+; Reaffirmed
Total	225.00	225.00	

*Instrument details are provided in Annexure I

Rationale

The ratings reaffirmation for Transoceanic Agro Comm Private Limited (Transoceanic) factors in its established operational track record and extensive experience of its promoters in the edible oil trading business. Leveraging on the same, the company has developed long relationships with its key customers and suppliers, and risk management policies, supporting its revenue growth and earnings over the years. Additionally stable business and adequate liquidity profiles on a sustained basis along with a consistent level of earnings, modest working capital cycle and low reliance on bank debt further support the company's financial risk profile. Transoceanic has reported a healthy revenue growth in H1 FY2026, which is expected to continue over the medium term. Besides, the ratings factor in the increasing demand for edible oils in India, favouring the company.

The ratings are, however, constrained by Transoceanic's low profit margin, given the trading nature of its operations in an intensely competitive, edible oil trading industry. Hence, industry players remain exposed to any adverse policy movement such as export bans, changes in duty structures as well as agro-climatic risks, leading to low crop output in producing countries such as Indonesia, Malaysia among others. The company witnessed a sharp rise in finance expenses with a considerable increase in secured overnight financing rate (SOFR) in recent years. However, the impact of the same was partially offset as the company was able to largely pass on the same to its customers. Nonetheless, its coverage metrics witnessed some moderation due to an increase in the finance expenses in FY2025. However, SOFR has softened in recent times, which coupled with an increase in earnings is expected to improve the coverage metrics. Transoceanic also relies on funding in the form of letters of credit (LCs) for its import business. Thus, adequacy of these limits, margin money as well as the ability to receive credit from suppliers remain critical for the business.

The Stable outlook on the long-term rating reflects ICRA's opinion that Transoceanic will continue to benefit from the healthy demand outlook for edible oils in India and the company's adequate risk-mitigating mechanisms, enabling it to report steady growth in revenues and earnings.

Key rating drivers and their description

Credit strengths

Established operational track record and extensive experience of its promoters in the edible oil trading industry – The company benefits from its long presence in the edible oil trading business, with operations dating back to 1947. Initially engaged in trading and providing clearing and forwarding services, the promoters expanded the scale of operations in 1984 by

venturing into large-scale trading and commission agency activities in vegetable oils. The Managing Director, Mr. Sunil Arora, brings significant industry expertise with around three decades of experience in import and trading of edible oils.

Strong relationships with customers ensure repeat orders; established raw material sourcing with a supplier network – The company enjoys strong relationships with its customers, which ensure repeat orders. Its extensive presence in the industry has enabled it to develop reliable raw material sourcing arrangements with a sizeable credit period, both in domestic and export markets. It also maintains associations with reputed brands such as Cargill, Bunge, and Adani Wilmar in the domestic segment.

Back-to-back business model mitigates price fluctuation risk – Transoceanic largely operates on a back-to-back purchase and sales arrangement, which significantly reduces exposure to price volatility. Further, the company hedges most of its foreign exchange exposure through forward contracts. It also maintains adequate liquidity by holding free cash equivalent to outstanding letters of credit (LCs). The company can pre-close LCs as the usance period exceeds the receivable cycle. Additionally, the credit risk is mitigated through limited customer credit and debtor insurance coverage.

Modest working capital cycle resulting in limited dependence on debt – The company's working capital requirements remain low, supported by a short operating cycle, minimal debtors, and limited inventory levels. Longer credit periods from overseas suppliers further aid in liquidity. Consequently, dependence on external borrowings is limited, as reflected by a gearing of 0.7 times as on March 31, 2025.

Credit challenges

Exposure to regulatory, geopolitical and agro-climatic risks, as well as to changes in duty structures – The company remains exposed to risks arising from India's dependence on edible oil imports from countries such as Indonesia, Malaysia, Ukraine, and Russia. Any adverse development in these regions such as export restrictions, geopolitical conflicts like the Russia-Ukraine war, or poor crop yields could impact raw material availability and lead to price volatility. Additionally, changes in import duties and agricultural cess by the Government of India pose a regulatory risk for the industry. Nevertheless, ICRA expects the company's margins to remain largely stable, supported by its robust risk management practices.

Highly competitive and fragmented nature of industry limit pricing flexibility; low profit margins owing to trading nature of operations – The edible oil industry in India is highly competitive and fragmented, with numerous small players alongside established brands. Given the trading nature of operations without any value addition, the company's profit margins remain thin. However, its earnings are partly supported by the interest income from free fixed deposits maintained with banks.

Sizeable funding requirements, particularly for import business, through non-fund-based limits – The company relies on letters of credit (LCs) for import procurement of edible oils. Availability of adequate LC limits and the associated margin requirements are important for smooth operations. Further, its ability to secure extended credit periods from suppliers remains important for effective funding cycle management. The company's TOL/TNW remains moderately high, reflecting its dependence on creditors.

Liquidity position: Adequate

The company's liquidity position is **adequate**, with sufficient cushion in cash credit limit of around Rs. 48 crore and healthy free cash and bank balance of around Rs. 93 crore as of September 2025. The average cash credit utilisation stood at 13.3% during the 12-month period ending in September 2025, given that fund-based requirements remain modest. Owing to the trading nature of its operations, no major capex is needed. The company has sufficient LC limits and margin money for the planned revenue for the current fiscal.

Rating sensitivities

Positive factors – The ratings could be upgraded in case of a sustained improvement in the company's earnings, while maintaining the current liquidity profile and coverage ratios.

Negative factors – The ratings could be downgraded in case of a sharp decline in revenues and profit margins or any significant deterioration in the liquidity position.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	The ratings are based on the standalone financials of Transoceanic

About the company

Transoceanic has been operating since 1990 and trades in edible oils. The promoters started the business in 1947 when the Delhi-based Arora family commenced trading, clearing and forwarding services in the vegetable oil industry. The company was originally called M/s Punjab Oil Traders. The promoters further expanded the business in 1984 and started operating on a large scale as commission agents and traders in vegetable oils. Over the years, the Group has strengthened its presence as one of the oldest and largest agents and traders of edible oil products in North India. The day-to-day operations are looked after by Mr. Sunil Arora, his nephew Mr. Sumit Arora and their family.

Key financial indicators (audited)

Transoceanic - Standalone	FY2024	FY2025
Operating income	2,473.6	2,556.8
PAT	7.2	12.9
OPBDIT/OI	0.6%	0.9%
PAT/OI	0.3%	0.5%
Total outside liabilities/Tangible net worth (times)	3.4x	2.6x
Total debt/OPBDIT (times)	3.1x	2.7x
Interest coverage (times)	1.3x	1.2x

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Transoceanic has ratings under issuer not cooperating category (INC) from CRISIL (CRISIL B+/Stable/A4 INC) via a press release dated June 13, 2025, and CARE (CARE BB+/Stable/A4+ INC) via press release dated May 14, 2025

Any other information: None

Rating history for past three years

Instrument	Current ratings (FY2026)			Chronology of rating history for the past 3 years						
	Type	Amount Rated (Rs. crore)	FY2026		FY2025		FY2024		FY2023	
			Date	Rating	Date	Rating	Date	Rating	Date	Rating
Cash Credit	Long Term	45.00	Dec 05, 2025	[ICRA]BBB (Stable)	Nov 22, 2024	[ICRA]BBB (Stable)	Sep 04, 2023	[ICRA]BBB (Stable)	Jun 30, 2022	[ICRA]BBB (Stable)
Interchangeable Cash Credit#	Long Term	(16.10)	Dec 05, 2025	[ICRA]BBB (Stable)	Nov 22, 2024	[ICRA]BBB (Stable)	Sep 04, 2023	[ICRA]BBB (Stable)	Jun 30, 2022	[ICRA]BBB (Stable)
Letter of Credit	Short Term	180.00	Dec 05, 2025	[ICRA]A3+	Nov 22, 2024	[ICRA]A3+	Sep 04, 2023	[ICRA]A3+	Jun 30, 2022	[ICRA]A3+
Unallocated	Short Term	-	-	-	-	-	Sep 04, 2023	[ICRA]A3+	Jun 30, 2022	[ICRA]A3+

Source: Company, # Sublimit of letter of credit

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term Fund-based – Cash credit	Simple
Long-term Interchangeable – Cash credit	Simple
Short-term – Non-fund based	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Cash Credit	–	–	–	45.00	[ICRA]BBB (Stable)
NA	Interchangeable Cash Credit	–	–	–	(16.10)	[ICRA]BBB (Stable)
NA	Letter of Credit	–	–	–	180.00	[ICRA]A3+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis - Not Applicable

ANALYST CONTACTS

Jitin Makkar

+91 124 4545 368

jitinm@icraindia.com

Kinjal Shah

+91 22 6114 3442

kinjal.shah@icraindia.com

Deepak Jotwani

+91 124 4545 870

deepak.jotwani@icraindia.com

Shubham Gupta

+91 124 4545 399

shubham.gupta2@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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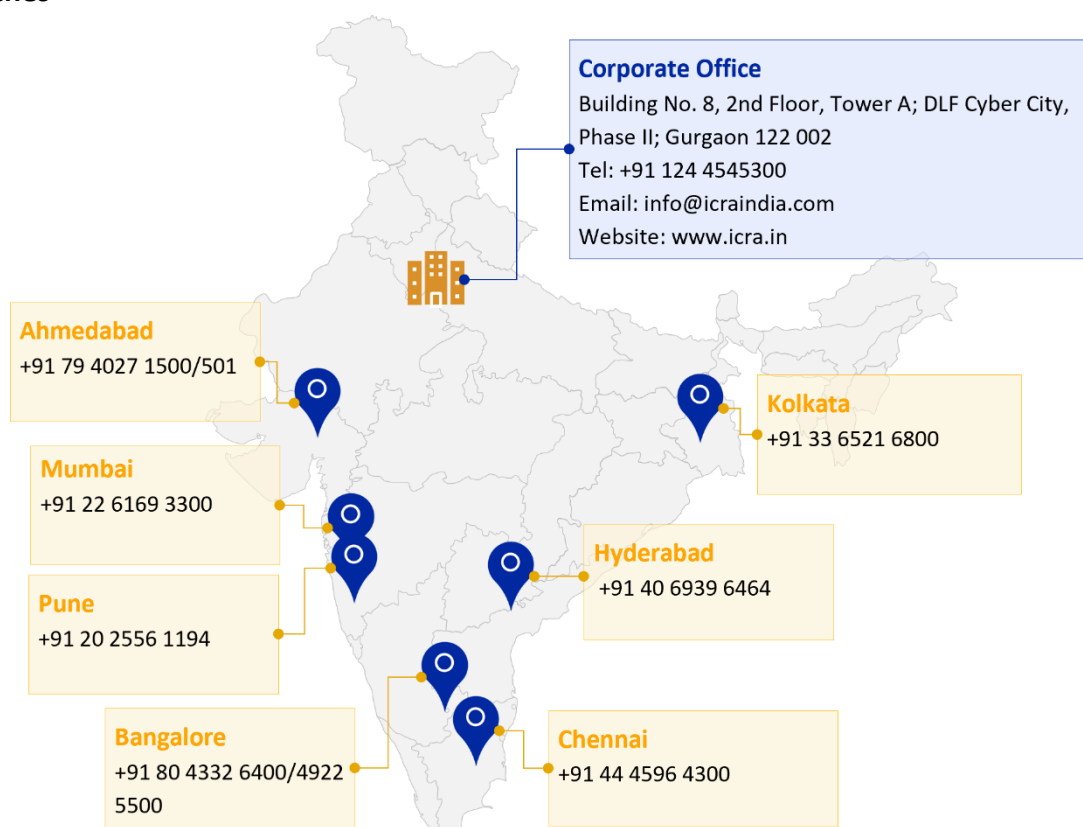
Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



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