May 30, 2025

OFB Tech Private Limited: Ratings reaffirmed; assigned for Non-Convertible Debenture

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term/Short term – Fund-based	2,390.00	1,795.00	[ICRA]A+ (Stable)/[ICRA]A1+; reaffirmed
Long term/ Short term – Unallocated	110.00	705.00	[ICRA]A+ (Stable)/[ICRA]A1+; reaffirmed
Commercial paper	330.00	330.00	[ICRA]A1+; reaffirmed
Non-convertible debentures (NCD)^	-	100.00	[ICRA]A+ (Stable); assigned
Total	**2,830.00**	**2,930.00**	

**Instrument details are provided in Annexure I; ^Proposed*

Rationale

While arriving at the ratings, ICRA has considered the consolidated financials of OFB Tech Private Limited (OFB/Group) and its subsidiaries, excluding the financial services business under Oxyzo Financial Services Private Limited (OFSL). However, the analysis considers the ordinary and extraordinary funding support likely to be extended by OFB to OFSL. ICRA notes that as on date, OFB has not committed any incremental capital to OFSL.

The ratings reaffirmation factors in the extensive experience of OFB's promoters in the commerce business, which supports its growth prospects. Over the years, there has been a healthy growth in revenues, driven by increased penetration that has led to new client additions and higher sales volume from existing customers. In FY2025, the revenue from the commerce business is estimated at ~Rs. 20,000 crore. While the Group's profitability has improved over the years, it continues to remain modest with an operating profit margin (OPM) of 3.2% in FY2024 and 2.5% in 9M FY2025 owing to a sizeable exposure to the low value-additive trading operations, which face intense competition from organised and unorganised players. As the Group mainly deals in steel, non-ferrous metals, chemicals, construction material commodities, the trading segment is also exposed to the inherent cyclicality as well as volatility in commodity prices, as seen in FY2025. Besides, the volatility in commodity prices, the ratings factor in the vulnerability of profitability to foreign exchange rate fluctuations. The Group's risk mitigation policies on forex movements and price volatility provide some comfort. Nonetheless, low profitability has resulted in modest debt coverage indicators with interest coverage of ~3.0 times estimated in FY2025. Going forward, the increasing contribution of manufacturing and processing businesses is likely to support the margins and absolute OPBDITA. Nonetheless, the ramp-up and stabilisation of the new capacities continues to be a rating monitorable. The ratings continues to derive comfort from the Group's strong liquidity position, supported by its healthy cash accruals, reducing working capital requirement in 9M FY2025 and moderate utilisation of working capital limits, providing cushion for any urgent requirement.

The Stable outlook on the long-term rating emphasises ICRA's opinion that the Group is likely to sustain its operating metrics and strong liquidity position through a healthy growth in revenue and improved profitability in the near term by deriving benefits from the backward-integrated capex, sound risk management policies and a comfortable financial profile.

Key rating drivers and their description

Credit strengths

Large scale of operations –The Group's operating income is estimated at ~Rs. 20,000 crore in FY2025 from Rs. 1,555 crore in FY2021 and ~Rs.14,862 crore in FY2023. The sizeable growth has been driven by organic growth in the aggregation business bundled with organic growth in processing and manufacturing units acquired in 2022 and 2023.

Diversified business profile – The Group's revenue stream is diversified, given its presence in multiple categories such as construction and industrial steel, non-ferrous metals, polymers, industrial chemicals, energy and petroleum, agri-commodities, building materials, apparel etc. OFB has achieved reasonable scale and experience in five business verticals. Apart from the trading business, the company has focused on the manufacturing segment. The proportion of manufacturing sales increased to ~35% in FY2025 from less than 5% in FY2022. Owing to the synergies between aggregation and manufacturing business, the Group's OPBITDA is expected to improve further.

Established relationship with a diversified customer and supplier base – The Group sources materials from a diversified supplier base due to which it is largely protected against pricing risk. It gets discounted rates as it purchases in bulk from the suppliers on a regular basis. The Group has developed strong relationships with its suppliers and customers, which have resulted in repeat orders. Moreover, addition of in-house processed and manufactured products on platform, enhances the overall value proposition for the customers.

Comfortable capital structure– The Group is backed by renowned private equity investors like Softbank, Tiger Global, Zodius Capital, Falcon Edge, Matrix Partners India etc. and has raised Rs. 5,370 crore till date. Consequently, the Group's net worth is strong with low reliance on external long-term debt, resulting in a comfortable capital structure. Its TD/TNW is estimated at 0.3 times as on March 31, 2025.

Credit challenges

Modest profit margin owing to primarily trading nature of business – The Group's operating profit margin remained modest with an OPBDITA of 3.2% in FY2024 and 2.5% in 9M FY2025 owing to a sizeable exposure to the trading operations which face intense competition from organised and unorganised players. The segment is also exposed to the inherent cyclicality as well as volatility associated with commodity prices, as seen in FY2025. However, the risk is partially mitigated by the back to back arrangement entered with the clients. Moreover, OFB's operating margins have improved from the FY2021 levels following the acquisition of multiple manufacturing entities in the last three fiscals. Going forward, a healthy structural improvement in the OPBITDA is expected from the commissioning of the direct reduced iron (DRI) unit, a captive power plant and the rolling mills in OFB's TMT manufacturing units,, making their operations fully integrated. Moreover, the operating profit and margin is expected to improve further with the acquisition of Indian Design Exports Private Limited, an apparel and home furnishing manufacturer and exporter, in April 2025.

Intense competition limits pricing flexibility – The Group faces intense competition from organised and unorganised players, given the low entry barriers in the business as well as the asset light model, limiting its pricing flexibility and bargaining power. The presence of numerous unorganised players in the commodities trading industry makes the Group's sales vulnerable to the volatility in the prices of commodities. However, ICRA notes that the Group maintains low inventory risk in the aggregation business with around 80% back-to-back orders. The overall working capital cycle of the Group stood in the range of 30-33 days.

Inherent vulnerability to volatility in commodity prices – OFB is exposed to price risks, given the inherent cyclicality in commodities like steel, non-ferrous metals, chemicals etc. However, the price risks are minimised by the largely back-to-back order arrangement. Further, ICRA notes that the freehold inventory level maintained by OFB remains low and only for fast moving commodities.

Stabilisation risks associated with new steel capacities and recent acquisitions – In the last few fiscals, the Group has acquired various units in the matured target sectors to add basic processing and manufacturing to its operations, exposing it to the risks of generating adequate returns and stabilisation of the units. While the company has sound risk management practices in place, the Group has a limited track record in the manufacturing segment. Hence, its ability to stabilise these acquired businesses and improve profitability on a sustained basis remains to be seen.

Liquidity position: Strong

OFB's liquidity is expected to remain strong, supported by sizeable cash balances and liquid investments of ~Rs. 1,641 crore in listed bonds/mutual funds as on March 31, 2025, its moderate long-term debt repayments and the cushion available in the form of undrawn bank lines (buffer of ~Rs. 500 crore in working capital limits as on March 31, 2025) would continue to provide comfort to the company's liquidity and operations. With no major capex plans in the near term, the company's liquidity is likely to remain strong in the near term.

Rating sensitivities

Positive factors - The long-term rating could be upgraded if the Group demonstrates a significant increase in its revenues and profitability on a sustained basis, leading to an improvement in the debt coverage metrics, while maintaining a strong liquidity.

Negative factors - Pressure on the Group's ratings could arise if there is a sharp decline in its revenues and profitability, resulting in lower cash flows and weakening of debt coverage metrics on a sustained basis. Any significant stretch in the working capital cycle or any unanticipated large debt-funded capex/investments, impacting the Group's liquidity position, could also be a trigger for downgrade. Specific credit metrics for downgrade include TOL/TNW of more than 1.5 times on a sustained basis.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Iron & Steel
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of OFB Tech Private Limited (OFB/Group) and its subsidiaries, excluding the financial services business under Oxyzo Financial Services Private Limited (OFSL). However, the analysis considers the ordinary and extraordinary funding support likely to be extended to OFSL by OFB. The details of the entities considered for consolidation are there in Annexure II

About the company

OFB, incorporated in 2015, provides raw material fulfilment, value addition and marketing services through its tech-enabled B2B platform under the brand, Ofbusiness. Through its platform, the company primarily trades in bulk raw materials and does basic processing in sectors such as steel, non-ferrous metals, agri-commodities, polymers, chemicals and cement, with a focus on small and medium enterprise (SME)-centric B2B business entities and corporates.

The company had raised an equity capital of Rs. 5,370 crore over multiple rounds till date and the promoters hold a 27.18% stake in OFB Tech, as on March 31, 2025. The rest of the stake is primarily held by private equity investors, including SoftBank Group, Matrix Partners India, Tiger Global, Creation Capital, Zodius Capital, Falcon Edge, and Norwest Venture Partners.

Key financial indicators (audited)

OFB Tech Private Limited (consolidated commerce business**)	FY2023	FY2024	9M FY2025*
Operating income	14861.7	18484.5	15230.0
PAT	256.5	307.9	159.0
OPBDIT/OI	2.0%	3.2%	2.5%
PAT/OI	1.7%	1.7%	1.0%
Total outside liabilities/Tangible net worth (times)	0.4	0.4	-
Total debt/OPBDIT (times)	5.4	3.3^	-
Interest coverage (times)	3.5	3.6	3.3

Source: Company; ICRA Research

*PAT: Profit after Tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs. Crore ^net debt/OPBITDA of 0.3x; *Provisional numbers*

***Consolidated financials of OFB Tech Private Limited (OFB/Group) and its subsidiaries, excluding the financial services business under Oxyzo Financial Services Private Limited (OFSL). However, considers the ordinary and extraordinary funding support likely to be extended by OFB to OFSL.*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	May 30,2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Fund-based – Cash credit	Long-term	0.00	-	-	-	-	-	Mar 30, 2023	[ICRA]A+ (Stable)
				-	-	-	-	Mar 22, 2023	[ICRA]A+ (Stable)
Fund-based facilities	Long-term/ Short-term	1,795.00	[ICRA]A+ (Stable)/ [ICRA]A1+	May 14, 2024	[ICRA]A+ (Stable)/ [ICRA]A1+	Mar 31, 2024	[ICRA]A+ (Stable)/ [ICRA]A1+	-	-
Unallocated	Long-term/ Short-term	705.00	[ICRA]A+ (Stable)/ [ICRA]A1+	May 14, 2024	[ICRA]A+ (Stable)/ [ICRA]A1+	Mar 31, 2024	[ICRA]A+ (Stable)/ [ICRA]A1+	-	-
Commercial paper^	Short-term	330.00	[ICRA]A1+	May 14, 2024	[ICRA]A1+	Mar 31, 2024	[ICRA]A1+	Mar 30, 2023	[ICRA]A1+
				-	-	-	-	Mar 22, 2023	[ICRA]A1+
NCD*	Long-term	100.00	[ICRA]A+ (Stable)	-	-	-	-		

*^Unplaced; *Proposed*

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term/Short term – Fund-based	Simple
Long term/Short term – Unallocated	Not applicable
Commercial paper*	Very Simple
Non-convertible debentures^	Very Simple**

***Subject to the terms at the time of placement; *Unplaced; ^Proposed*

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 No	Instrument name	Date of issuance /Sanction	Coupon rate	Maturity date	Amount rated (Rs. crore)	Current rating and outlook
NA	Long term/Short term – Fund-based	NA	NA	NA	1795.00	[ICRA]A+ (Stable)/ [ICRA]A1+
NA	Long term/ Short term – Unallocated	NA	NA	NA	705.00	[ICRA]A+ (Stable)/ [ICRA]A1+
NA^	Commercial paper	NA	NA	NA	330.00	[ICRA]A1+
NA*	Non-convertible debentures	NA	NA	NA	100.00	[ICRA]A+

*Source: Company; ^Unplaced; *Proposed*

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis

Company name	Ownership	Consolidation approach
OMAT Business Private limited	100.00%	Full consolidation
OAGRI Farm Private Limited	100.00%	Full consolidation
OFG Manufacturing Businesses Private Limited	100.00%	Full consolidation
Laxmi Foils Private Limited	100.00%	Full consolidation
Accordd Organics Private Limited	100.00%	Full consolidation
Omat West Limited (Formerly known As Shree Sidhbali Ispat Limited)	100.00%	Full consolidation
Sri Mukha Road Products and Civil Labs Pvt Ltd	100.00%	Full consolidation
Constro Solutions Limited	100.00%	Full consolidation
Noble Tech Industries Pvt Ltd	100.00%	Full consolidation
Wonderblues Apparels Private limited	100.00%	Full consolidation
Pitambar Solvex Pvt Ltd	100.00%	Full consolidation
Mayurank Foods Private limited	51.30%	Full consolidation
Samruddhi Organics Farm (India) Pvt Ltd	51.00%	Full consolidation
Shree Ravi Trading & Manufacturing Pvt Ltd	51.12%	Full consolidation
E-mox Manufacturing Pvt Ltd	51.00%	Full consolidation
SMW Ispat Private Limited	87.91%	Full consolidation
Koeleman India Private limited	97.77%	Full consolidation
Candor Foods Private limited	51.05%	Full consolidation
Candor Dates Private Limited	49.03%	Full consolidation
Dhara Foods Private Limited	55.00%	Full consolidation
Tracecost Private Limited	51.78%	Full consolidation
Tangarine Skies Private Limited	100.00%	Full consolidation
OFB Universal FZE	100.00%	Full consolidation
OFB Commodities DMCC	100.00%	Full consolidation
OFB Commodities Pte. Ltd	100.00%	Full consolidation
Saivana Garments Pvt Ltd	70.00%	Full consolidation
Gvr Nutries Private limited	51.12%	Full consolidation
Gujarat Foils Limited	100.00%	Full consolidation
Ofbey Chem Pvt Ltd	100.00%	Full consolidation

Company name	Ownership	Consolidation approach
Tracecost Inc	51.78%	Full consolidation
Oxyzo Financial Services Private Limited	75.63%	Full consolidation
OXY Ventures Private Limited	75.63%	Full consolidation
OXY B Securities Private Limited	75.63%	Full consolidation
Oxyzo Investment Manager Private limited	75.63%	Full consolidation
OXY Finvest Private Limited	75.63%	Full consolidation
Ziel Financial Technologies Private Limited	75.63%	Full consolidation
Zfirst Technologies Private Limited	26.04%	Full consolidation

Source: FY2024 annual report

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ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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