

July 14, 2025

Oxyzo Financial Services Limited (erstwhile Oxyzo Financial Services Private Limited): Rating confirmed as final for PTCs receivables issued by Hershey 03 2025, backed by secured business loan

Summary of rating action

Trust name	Instrument*	Initial rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Hershey 03 2025	Series A1 PTCs	107.55	107.55	[ICRA]AA+(SO); provisional rating confirmed as final

*Instrument details are provided in Annexure I

Rationale

ICRA had assigned a provisional rating to the pass-through certificates (PTCs) issued by Hershey 03 2025 under a securitisation transaction originated by Oxyzo Financial Services Limited (Oxyzo/Originator; rated [ICRA]A+ (Stable)). The PTCs are backed by a pool of secured business loan receivables originated by Oxyzo with an aggregate principal outstanding of Rs. 124.34 crore (pool receivables of Rs. 209.53 crore). Oxyzo would also be the servicer for the rated transaction.

Since the executed transaction documents are in line with the rating conditions and the legal opinion for the transaction has been provided to ICRA, the said ratings have now been confirmed as final.

Pool performance summary

Parameter	Hershey 03 2025
Payout month	June 2025
Months post securitisation	3
Pool amortisation	5.9%
PTC Series A1 amortisation	6.3%
Cumulative prepayment rate	2.2%
Cumulative collection efficiency	100.0%
Loss cum 0+ dpd	0.4%
Loss cum 30+ dpd	0.3%
Loss cum 90+ dpd	0.0%
Cumulative cash collateral utilisation	0.0%

Transaction structure

As per the transaction structure, the monthly cash flow schedule comprises the promised interest payout. The principal is expected to be paid on a monthly basis (100% of the pool principal billed) but is promised on the final maturity date. Any surplus excess interest spread (EIS) after meeting the promised and expected payouts will flow back to the Originator on a monthly basis. Any prepayment in the pool would be used for the prepayment of Series A1 PTCs principal.

If the cumulative collection efficiency in respect of the pool is less than 90% for any three consecutive payouts and/or the portfolio at risk (PAR)>90 of the pool exceeds 5% of the initial principal outstanding and/or rating of Series A1 PTCs is downgraded by one notch or more, then the entire EIS shall be utilised towards the repayment of the principal payout to the Series A1 PTC investors.

The credit enhancement available in the structure is in the form of (i) a cash collateral (CC) of 3.00% of the initial pool principal, amounting to Rs. 3.73 crore, provided by the Originator, (ii) subordination in the form of an equity tranche of 3.00% of the

pool principal and over-collateralisation of 10.50% of the pool principal for Series A1 PTCs, (iii) the EIS of 47.84% of the pool principal for Series A1 PTCs.

Key rating drivers and their description

Credit strengths

Granular pool, supported by presence of credit enhancement – The pool is granular in nature, consisting of 3,335 contracts, with top 10 obligors forming less than 1.0% of the initial pool principal, thereby reducing the exposure to any single borrower. Further, the credit enhancement available in the form of the CC, subordination in the form of equity tranche and over collateral and EIS would absorb some amount of the losses in the pool and provide support in meeting the investor payouts.

No overdue contracts in the pool – The pool has been filtered in such a manner that there are no overdue contracts as on the cut-off date which is a credit positive.

Adequate servicing capability of Oxyzo – Oxyzo has adequate processes for servicing the loan accounts in the securitised pool. It has a satisfactory track record of regular collections across multiple geographies.

Contracts backed by residential properties – All contracts in the pool are backed by residential properties. This is expected to support the quality of the pool, as it has been observed that borrowers tend to prioritise repayments towards such loans even during financial stress.

Credit challenges

High geographical concentration: The pool has a high geographical concentration with the top state, Rajasthan, contributing ~52% to the initial pool principal amount. The pool's performance would thus be exposed to any state-wide disruption that may occur due to natural calamities, political events, etc.

Risks associated with lending business: The pool's performance would remain exposed to macroeconomic shocks, business disruptions and natural calamities that may impact the income-generating capability of the borrowers and their ability to make timely repayments of their loans.

Key rating assumptions

ICRA's cash flow modelling for rating securitisation transactions involves the simulation of potential losses, delinquencies and prepayments in the pool. The losses and prepayments are assumed to follow a log-normal distribution. The assumptions for the losses and the coefficient of variation are considered on the basis of the values observed from the analysis of the past performance of the Originator's loan portfolio as well as the characteristics of the specific pool being evaluated. The resulting collections from the pool, after incorporating the impact of losses and prepayments, are accounted into ICRA's cash flow model, in accordance with the cash flow waterfall of the transaction.

For the current pool, ICRA has estimated the shortfall in the pool principal collection during its tenure at 5.25% of the initial pool with certain variability around it. The average prepayment rate for the underlying pool is modelled in the range of 7% to 27% per annum. Various possible scenarios have been simulated at stressed loss levels and prepayment rates and the incidences of default to the investor, as well as the extent of losses, are measured after factoring in the credit enhancement to arrive at the final rating for the instrument.

Details of key counterparties

The key counterparties in the rated transaction are as follows:

Transaction name	Hershey 03 2025
Originator	Oxyzo Financial Services Limited
Servicer	Oxyzo Financial Services Limited
Trustee	Catalyst Trusteeship Limited
CC holding Bank	DCB Bank Limited
Collection and payout account Bank	ICICI Bank Limited

Liquidity position: Superior

The liquidity for Series A1 PTCs is superior after factoring in the credit enhancement available to meet the promised payouts to the investor. The total credit enhancement is more than 6 times the estimated loss in the pool.

Rating sensitivities

Positive factors – The rating could be upgraded on the sustained strong collection performance of the underlying pool of contracts (monthly collection efficiency >95%), leading to lower-than-expected delinquency levels, and on an increase in the cover available for future investor payouts from the credit enhancement.

Negative factors – The rating could be downgraded on the sustained weak collection performance of the underlying pool of contracts (monthly collection efficiency of less than 90%), leading to higher-than-expected delinquency levels and credit enhancement utilisation levels. Weakening in the credit profile of the servicer could also exert pressure on the rating.

Analytical approach

The rating action is based on the trustee confirming compliance with the terms of the transaction and the executed transaction documents being in line with the terms initially shared with ICRA.

Analytical approach	Comments
Applicable rating methodologies	Rating Methodology for Securitisation Transactions
Parent/Group support	Not applicable
Consolidation/Standalone	Not applicable

About the Originator

Oxyzo is a Gurgaon-based non-banking financial company (NBFC), which commenced lending operations in November 2017. It primarily provides secured and unsecured purchase finance loans to small and medium enterprises (SMEs) for financing the purchase of raw materials that are used in their core business.

As on March 31, 2025, ~66% of the loan book was secured while ~34% was unsecured. The loan book comprised business loans (65%) and purchase financing (35%) as on March 31, 2025. Oxyzo's net worth stood at Rs. 2,923 crore as on March 31, 2025 with a gearing of 2.1 times.

Key financial indicators

Oxyzo	FY2023	FY2024	FY2025
Total income	562	854	1,129
PAT	197	286	329
Total managed assets	5,578	7,353	9,212
Gross stage 3 assets	0.9%	1.0%	1.1%
CRAR	42.7%	36.8%	33.5%

Source: Company, ICRA Research; Amount in Rs. crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Sr. no.	Trust name	Current rating (FY2026)				Chronology of rating history for the past 3 years			
		Instrument	Amount rated (Rs. crore)	Amount rated (Rs. crore)	Date & rating in FY2026		Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023
					July 14, 2025	April 08, 2025			
1	Hershey 03 2025	Series A1 PTCs	107.55	107.55	[ICRA]AA+(SO)	Provisional [ICRA]AA+(SO)	-	-	-

Complexity level of the rated instrument

Instrument	Complexity indicator
Series A1 PTCs	Moderately Complex

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

Trust name	Instrument name	Date of issuance/ Sanction	Coupon rate (p.a.p.m.)	Maturity date	Amount rated (Rs. crore)	Current rating
Hershey 03 2025	Series A1 PTCs	April 07, 2025	9.55%	September 15, 2031	107.55	[ICRA]AA+(SO)

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not Applicable

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About ICRA Limited:

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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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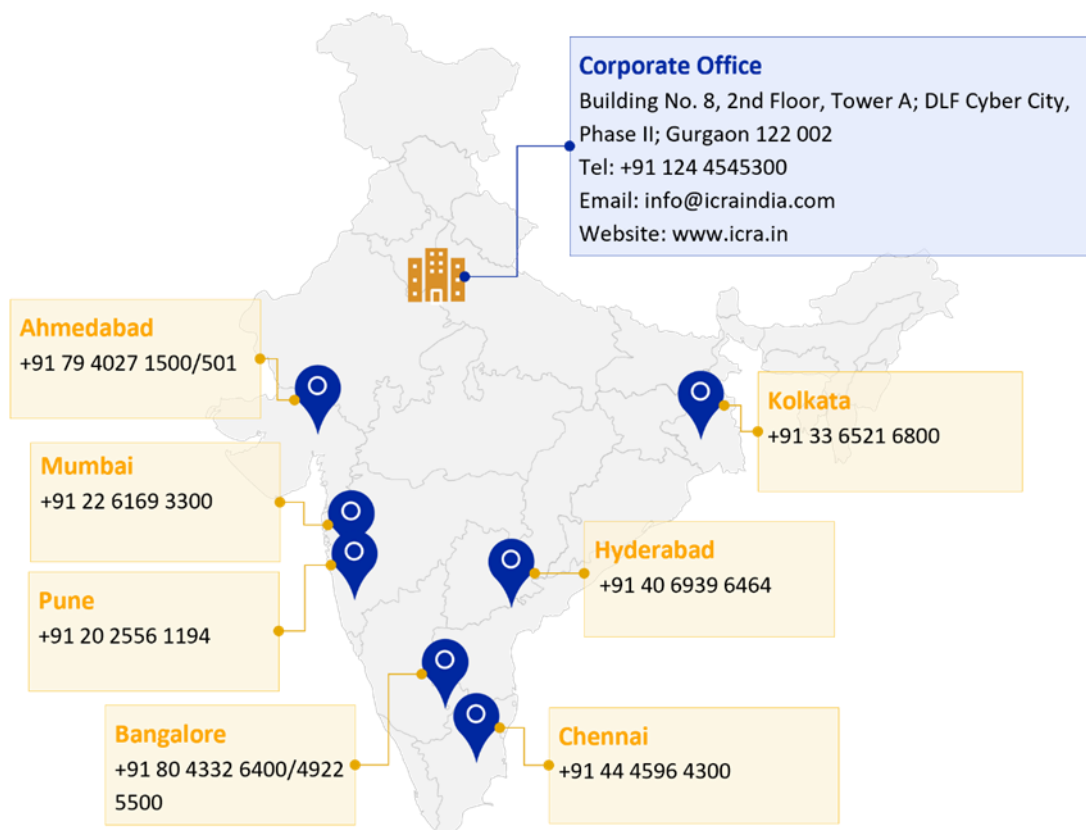


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