July 14, 2026

# Oxyzo Financial Services Limited (erstwhile Oxyzo Financial Services Private Limited): Rating reaffirmed for a PTCs issued under secured business loans securitisation transaction

## Summary of rating action

| Trust Name | Instrument* | Initial Rated Amount (Rs. crore) | Previous Rated Amount (Rs. crore) | Current Rated Amount (Rs. crore) | Rating Action | Financial sector regulator # |
|---|---|---|---|---|---|---|
| **Hershey 03 2025** | Series A1 PTCs | 107.55 | 107.55 | 68.17 | [ICRA]AA+(SO); reaffirmed | RBI |

**Instrument details are provided in Annexure I*

*#SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI*

## Rationale

The pass-through certificates notes (PTCs) backed by a pool of secured business loan receivables originated by Oxyzo Financial Services {Oxyzo/Originator; rated [ICRA]A+ (Stable)}[1]. Oxyzo is also the servicer for this transaction.

The rating action factors in the build-up of the credit enhancement over the future PTC payouts and healthy pool performance. The rating also draws comfort from the fact that the breakeven collection efficiency is lower than the actual collection level observed in the pools till the June 2026 payout month.

### Pool performance summary

| Particulars | Hershey 03 2025 |
|---|---|
| **Payout month** | June 2026 |
| **Months post securitisation** | 13 |
| **Pool amortisation** | 32.0% |
| **Series A1 PTCs amortisation** | 36.6% |
| **Cumulative collection efficiency[2]** | 98.9% |
| **Loss-cum-30+ days past due (dpd[3] ;% of initial pool)** | 2.5% |
| **Loss-cum-90+ dpd[4] (% of initial pool)** | 2.0% |
| **Cumulative cash collateral (CC) utilisation** | Nil |
| **Cumulative prepayment rate** | 2.6% |
| **Breakeven collection efficiency[5] for Series A1 PTCs** | 57.6% |
| **CC available (as % of balance pool principal)** | 4.4% |
| **Principal subordination (% of balance pool) Series A1 PTCs** | 19.4% |
| **Excess interest spread (EIS[6] ; % of balance pool) Series A1 PTCs** | 40.5% |

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[1] *Rating history of the originator is available at this [link]()*
[2] *(Cumulative current and overdue collections till date)/(Cumulative billing till date)*
[3] *Inclusive of unbilled and overdue principal portion of delinquent contracts overdue by more than 30 days, as a % of initial pool principal*
[4] *Inclusive of unbilled and overdue principal portion of delinquent contracts overdue by more than 90 days, as a % of initial pool principal*
[5] *(Balance cash flows payable to PTC Series A1 investor – CC available)/Balance pool cash flows*
[6] *(Pool Cash flows – Cash flows to PTC Series A1 investors – Originator's residual share)/Pool Principal outstanding*

## 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.

## Key rating drivers and their description

### Credit Strengths

**Credit strengths**

**Substantial credit enhancement available in the structure** – The rating factors in the buildup in the credit enhancement with cash collateral (CC) increasing to 4.4% of the balance pool principal as compared to 3.00% at time of securitisation. Internal credit support is also available in the form of subordination and excess interest spread (EIS).

**Healthy pool performance –** Performance of the pool has been healthy with monthly collection efficiency above 96% till June 2026 payout month which has resulted in low delinquencies in the pool with the 90+ days past due (dpd) of ~2%. Further, there has been no instance of cash collateral utilisation for the pool till date owing to strong collection performance and presence of EIS.

**Adequate servicing capability of the Oxyzo –** The company has adequate processes for the servicing of the loan accounts in the securitised pool. It has a demonstrated track record of almost a decade of collections across a wide geography.

### Credit Challenges

**High geographical concentration – T**he pool has high geographical concentration with the top 3 states, viz. Rajasthan, Uttar Pradesh and Haryana comprising ~94% of the balance 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 macro-economic 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 the losses and prepayments, are accounted for in 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 4.25% of the initial pool principal. The average prepayment rate for the underlying pool is modelled in the range of 7.2% 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 is 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 payout to the investor. The total credit enhancement would be more than 6 times the estimated loss in the pool.

## Rating sensitivities

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

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

## Analytical approach

The rating action is based on the performance of the pool till May 2026 (collection month), the present delinquency levels and the credit enhancement available in the pool, and the performance expected over the balance tenure of the pool.

| 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 NBFC, which commenced lending operations in November 2017. It primarily provides secured and unsecured term loans and working capital loans to small and medium enterprises (MSMEs) for financing their core business requirements.

At the standalone level, Oxyzo's loan book stood at ~Rs. 10,632 crore as on March 31, 2026, compared to Rs. 8,351 crore as on March 31, 2025. It comprised tenured loans (71%) and working capital (29%) as on March 31, 2026. Oxyzo reported a profit after tax (PAT) of Rs. 362 crore on total income of Rs. 1,438 crore in FY2026 against Rs. 329 crore and Rs. 1,129crore, respectively, in FY2025. Its net worth stood at Rs. 3,296 crore as on March 31, 2026 with a gearing of 2.5x. It reported a gross stage 3% of 0.74% as on March 31, 2026 (1.09% as on March 31, 2025).

### Key financial indicators (standalone)

| | FY2024 | FY2025 | FY2026 |
|---|---|---|---|
| | Audited | Audited | Audited |
| **Total income** | 854 | 1129 | 1,438 |
| **PAT** | 286 | 329 | 362 |
| **Total managed assets** | 7,353 | 9,212 | 11,705 |
| **Gross stage 3 assets** | 1.0% | 1.10% | 0.7% |
| **CRAR** | 36.8% | 33.50% | 28.9% |

*Source: Company; ICRA research; All ratios as per ICRA calculations; Amounts in Rs. Crore*

## Status of non-cooperation with previous CRA: Not applicable

## Any other information: None

## Rating history for past three years

| Trust Name | Current Rating (FY2027) | | | | Chronology of Rating History for the Past 3 Years | | | |
|---|---|---|---|---|---|---|---|---|
| | Instrument | Initial Amount Rated (Rs. crore) | Current Amount Rated (Rs. crore) | Date & Rating in FY2027 | Date & Rating in FY2026 | | Date & Rating in FY2025 | Date & Rating in FY2024 |
| | | | | Jul 14, 2026 | Jul 14, 2025 | Apr 08, 2025 | - | - |
| **Hershey 03 2025** | Series A1 PTCs | 107.55 | 68.17 | **[ICRA]AA+(SO)** | **[ICRA]AA+(SO)** | **Provisional [ICRA]AA+(SO)** | - | - |

## Complexity level of the rated instrument

| Instrument | Complexity Indicator |
|---|---|
| Series A1 PTCs | Highly 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 | Coupon Rate (p.a.p.m.) | Final Maturity Date | Amount Rated (Rs. crore) | Current Rating | Financial sector regulator # |
|---|---|---|---|---|---|---|---|
| **Hershey 03 2025** | Series A1 PTCs | April 07, 2025 | 9.55% | September 15, 2031 | 68.17 | [ICRA]AA+(SO) | RBI |

*Source: Company*

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## Annexure II: List of entities considered for consolidated analysis

Not Applicable

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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.

For more information, visit www.icra.in

# ICRA Limited

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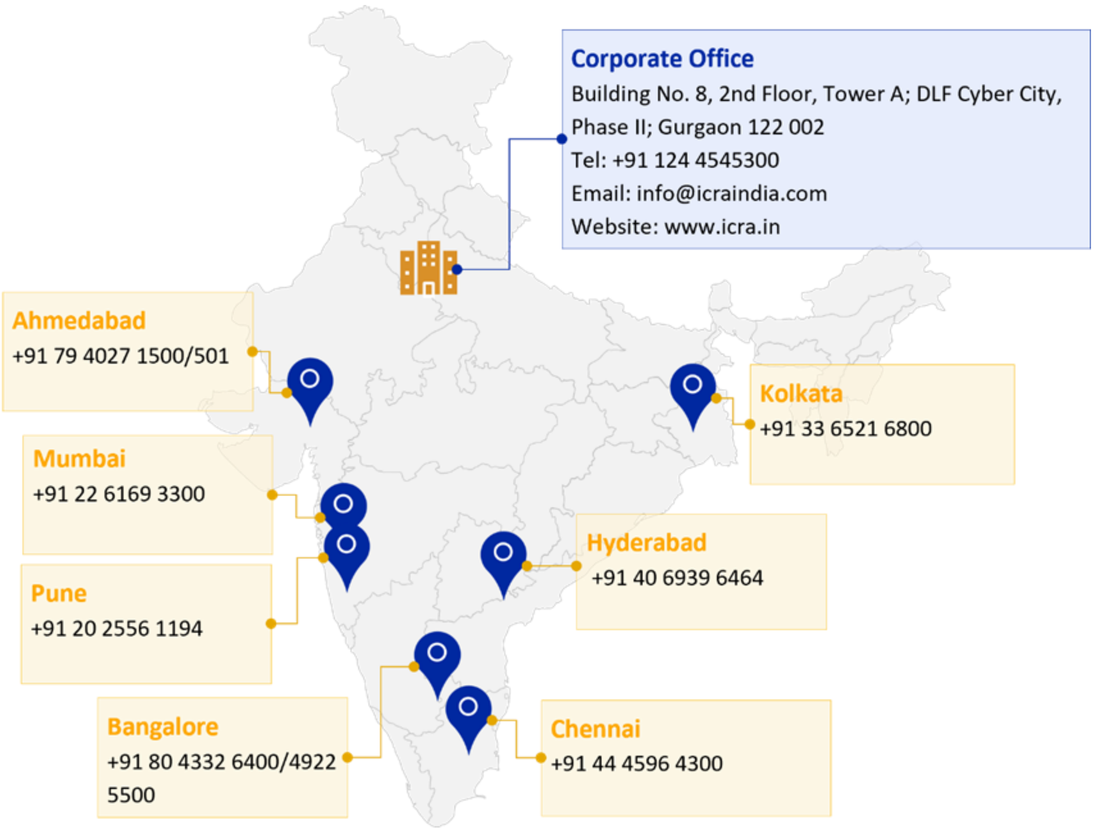




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