

Oxyzo Financial Services Limited

December 12, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Short Term Instruments- Commercial Paper	100.00	CARE A1+	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to proposed commercial paper programme of Oxyzo Financial Services Limited (Oxyzo) considers its consolidated profile, i.e. including subsidiaries.

The rating assigned to Oxyzo factors in its healthy profitability profile, comfortable capitalisation position and contained asset quality so far. The rating also factors in its strong liquidity supported by healthy on-book liquidity and positive cumulative mismatches in its asset liability management (ALM) statement as on September 30, 2025.

The credit profile is, however, impacted by relatively lower seasoning of its book, though the risk is partly mitigated by a sizeable portion of the AUM with shorter tenure, and inherent vulnerability of unsecured segment which constitutes ~36% of its AUM as on September 30, 2025. While the entity has been able to keep its asset quality and credit costs in this segment contained so far, as the book grows and seasons, its performance going forward shall remain monitorable.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Not Applicable

Negative factors

- Deterioration in profitability with ROTA remaining below 2%
- Deterioration in asset quality, with NNPA of more than 1.5%
- Substantial increase in share of unsecured book from current level

Analytical approach: Consolidated

CareEdge Ratings has taken into consideration Oxyzo's consolidated profile, i.e., including subsidiaries, namely Oxy B Securities Private Limited, Oxy Ventures Private Limited, Oxyzo Investment Manager Private Limited, Ziel Financial Technologies Private Limited (Ziel) and Zfirst Technologies Private Limited (merged into Oxyzo and then further sold to Ziel via slump sale, hence Zfirst has ceased to exist as on date) as on September 30, 2025.

While OFB Tech Private Limited (OFB) holds ~70% stake in Oxyzo as on September 30, 2025, Oxyzo does not have any material linkages with OFB. In line with Oxyzo's management's stated intent that it does not expect any further assistance from OFB, Care Ratings Limited (CareEdge Ratings) does not factor in any support from OFB.

Please refer Annexure 6 for the list of subsidiaries consolidated.

Outlook: Not Applicable

Detailed description of key rating drivers:

Key strengths

Comfortable capitalisation

Oxyzo maintains a comfortable capitalisation profile, reflected in its capital adequacy ratio (CAR) of 34.5% and gearing of 2.1 times as of September 30, 2025, compared to 33.5% and 2.1 times, respectively, as on March 31, 2025. This robust position is supported by healthy internal accruals on a continuous basis. CareEdge Ratings expects Oxyzo's capitalisation to remain comfortable, with gearing staying below 4 times over the near-to-medium term. Further, CareEdge Ratings does not anticipate any capital infusion requirements in the foreseeable future, barring an accelerated growth trajectory beyond current expectations.

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications

Healthy earnings profile

During H1 FY2026, Oxyzo reported a net profit of ₹172 crore, translating into an annualised return on average total assets (RoTA) of 3.7% and return on average tangible net worth (RoNW) of 11.5%, compared to ₹339 crore, 4.1%, and 12.4%, respectively, in FY2025. Profitability in FY2025 was supported by an adequate net interest margins (NIM) of 8.5% (in relation to average total assets), relatively low operating expenses of 2.6%, and contained, though slightly elevated credit costs of 1.1%. While margins moderated in H1 FY2026 owing to management's cautious focus on secured segment as compared to high yield high risk unsecured portfolio in H1FY26, profitability remained healthy with opex and credit costs under control at 2.49% and 0.77% respectively.

CareEdge Rating notes that sustaining control over credit costs and operating expenses will be critical for maintaining strong earnings going forward.

Healthy asset quality

Oxyzo has consistently demonstrated healthy asset quality over recent years. As of September 30, 2025, gross stage 3 (GS3) assets stood at 1.12%, and net stage 3 (NS3) assets at 0.5%, compared to 1.1% and 0.4%, respectively, as of March 31, 2025. With adequate NPA provision coverage of 60.7% as on Mar'25 and 54.4% as on Sep'25, the net non-performing assets (NNPA) stood at 0.4% and 0.5% in Mar'25 and Sep'25, respectively.

Approximately 66% of Oxyzo's AUM as of June 30, 2025, was secured through physical collateral, bank guarantees, cash collateral, or escrow mechanisms. While the remaining 33% unsecured portfolio has not resulted in any material increase in credit costs, its performance will remain a key monitorable. Further, the ability of management to control slippages and maintaining healthy asset quality metrics with growth in scale on a sustained basis remains a key rating sensitivity.

Key weaknesses**Potential portfolio vulnerability arising from lending to SMEs and exposure to unsecured segment**

As of June 30, 2025, approximately 34% of Oxyzo's AUM was unsecured, where unsecured lending is primarily to SMEs with turnover of more than Rs. 200 crore per annum. This segment reported a GS3 ratio of 1.1%, in line with the overall GS3 of 1.0% for the same period. Although NPAs in the unsecured book have been contained, the company's limited track record in this segment warrants close monitoring of its future performance.

Relatively high growth in scale

Oxyzo's AUM has grown at a 4-year CAGR of ~57% from ₹1,368 crore in March 2021 to ₹8,351 crore as on March 31, 2025, particularly due to lower base in the early 2 years. During H1 FY2026, annualised growth moderated to ~9%, compared to 25% in FY2025, primarily due to seasonal factors., however, the growth is expected to pick up in the second half of the fiscal. Given faster growth over past few years and average tenure of ~2 years, the performance of loan book over multiple cycles is yet to be seen.

Liquidity: Strong

Oxyzo had a strong liquidity with on-book cash and liquid investments of ₹813 crore as on September 30, 2025, along with undrawn sanction lines of ₹775 crore. As per its ALM of September 2025, it has debt obligations of ₹ 3067 crore due over next 12 months (Oct-25 to Sep-26) along with scheduled collections of ₹ 5,903 crore. Its ALM had positive cumulative mismatches across all buckets. The average tenure of its loan book is 2.5 years as against liability tenure of 3 years, helping it manage liquidity effectively.

Assumptions/Covenants: Not Applicable

Environment, social, and governance (ESG) risks: Not Applicable

Applicable criteria

[Definition of Default](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios - Financial Sector](#)

[Non Banking Financial Companies](#)

[Consolidation & Combined Approach](#)

[Rating of Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Financial Services	Financial Services	Finance	Non Banking Financial Company (NBFC)

Oxyzo Financial Services Limited (Oxyzo) was incorporated in India on Sep 21, 2016 and started its operations in November 2017. Oxyzo is a Reserve Bank of India (RBI) registered Middle Layer Non-Banking Financial Company (NBFC) that provides working capital funding to largely small and medium enterprises (SMEs), Mid-Corporates and Co-lending space through partnerships, belonging to OFB Group. The company (Oxyzo) is a subsidiary of OFB Tech Private Limited (OFB Tech; 70% stake), the parent company that runs online raw material aggregation platform.

While OFB Tech Private Limited (OFB) holds ~70% stake in Oxyzo as on September 30, 2025, Oxyzo does not have any material operational or financial linkages with OFB and in line with Oxyzo's management's stated intent, Care Ratings Limited (CareEdge Ratings) does not factor in any support from OFB. Further, CareEdge Ratings note that there has not been and in future also not likely to be any transfer of funds or extension of any other form of support from Oxyzo to OFB. Both the entities are operating independently and will continue to do so going forward as well.

Brief Financials (₹ crore) (consolidated)	March 31, 2024 (A)	March 31, 2025 (A)	H1 FY2026 (UA)
Total income	904	1205	684
Profit after tax (PAT)	291	339	172
Assets under management (AUM)	6,669	8,351	8,733
On-book gearing (x)	1.79	2.08	2.05
AUM / tangible net-worth (TNW) (x)	2.59	2.88	2.85
Gross non-performing assets (NPA) / gross stage 3 (%)	0.98%	1.10%	1.16%
Return on managed assets (ROMA) (%)	4.50	4.10	3.66
Capital adequacy ratio (CAR) (%)	36.80%	33.50%	34.46%

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Short Term Instruments-CP/ Short Term loan	NA	NA	NA	Proposed	100.00	CARE A1+

NA: Not Applicable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Debentures-Non Convertible Debentures	LT	-	-	-	-	1)CARE A+; Stable (10-Aug-23) 2)Withdrawn (10-Aug-23)	1)CARE A+; Stable (01-Sep-22)
2	Fund-based - LT/ST-Term loan	LT/ST	-	-	-	-	1)Withdrawn (10-Aug-23) 2)CARE A+; Stable / CARE A1+ (10-Aug-23)	1)CARE A+; Stable / CARE A1+ (01-Sep-22)
3	Debentures-Non Convertible Debentures	LT	-	-	-	-	1)CARE A+; Stable (10-Aug-23) 2)Withdrawn (10-Aug-23)	1)CARE A+; Stable (01-Sep-22)
4	Fund-based - LT-Term Loan	LT	-	-	-	-	1)CARE A+; Stable (10-Aug-23) 2)Withdrawn (10-Aug-23)	1)CARE A+; Stable (01-Sep-22)
5	Short Term Instruments-CP/ Short Term loan	ST	100.00	CARE A1+				

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not Applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Short Term Instruments-CP/ Short Term loan	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	OXY Ventures Private Limited	Full	100.00% subsidiary
2	OXY B Securities Private Limited	Full	100.00% subsidiary
3	Oxyzo Investment Manager Private Limited	Full	100.00% subsidiary
4	OXY Finvest Private Limited	Full	100.00% subsidiary
5	Ziel Financial Technologies Private Limited	Full	100.00% subsidiary
6	ZFirst Technologies Private Limited	Partial	34.43% subsidiary

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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