



axio

Co-lending Policy

FY 2024-2025



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Change loq from the last version/versions	
Version 2.3	Changes made on the product suite

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Introduction

axio is a financial Technology company focused on providing unsecured lending to the consumer Finance segment in India. As part of its strategy to reach out to a wider range of small and medium enterprises, axio seeks to engage with Co-Lender. through a co-lending arrangement, wherein the end customer i.e. the borrower, resides on both the entities' books with a predefined ratio of total exposure.

Overview of the Co-lending arrangement:

- Product suite (Consumer Finance) is as below: -
 - ✓ Buy Now Pay Later (Amazon, Non-Amazon)
 - ✓ Personal Loan Cross Sell
- All parameters with regard to product features (e.g. processing fees (if any), interest rates, pre-closure charges (if any), other fees & charges, etc.) are to be agreed in advance
- Risk-sharing (i.e. the share of each partner in the disbursed loan) will be as per terms set out in the Business Partnership Agreement
- Sourcing of customers will be done by axio or its wholly owned subsidiary Axio Digital acting as the LSP. Complete screening and underwriting will be done by Capfloat Financial Services Pvt Ltd, the NBFC and the co-lender.
- axio has a Credit & KYC Policy in place, in line with extant RBI guidelines. For co-lending or co-origination, the policies for the relevant products will be synced/agreed with Co- Lender.
- axio will also provide certain customer information (as allowed by applicable regulations) in a pre-specified manner which may enable Co-Lender to conduct internal system checks.
- Only those cases that satisfy all conditions set out in the mutually agreed credit and KYC policy will be put up for co-lending.
- Loans which have been approved/selected by Co-Lender will be taken up for disbursement as per the agreed risk-sharing ratio.
- KYC will be carried out as per extant guidelines.
- Loan documents such as KFS, sanction letter as per the co-lending/co-origination will be issued to the borrower, which will be generated by axio.
- The customer loan agreement shall be executed via aadhar e-sign or OTP based clickwrap.
- axio will collect the relevant documents, required prior to disbursement. axio will also conduct/ all the repayment/ banking formalities and documents, e.g. / NACH/ ENACH/ PDC's etc.

- All underwriting information & loan documentation will be shared with the co-lender via APIs or any other mode as maybe agreed between the co-lenders.
- Under co-lending arrangement, disbursals shall be done through a designated escrow account into which both axio & the Co-Lender will transfer their respective shares of the loan amount. Under a 100:0 lending arrangement, the lender will disburse the full loan amount from its designated bank account.
- As with disbursals, repayments under co-lending arrangements shall be received into a designated escrow account, to be shared pro-rata between the lenders. For 100:0 lending arrangements, the full repayments shall be received directly by the Lender in its designated bank account.
- Any service fee element between axio & Co-Lender will also be guided by the Commercial Arrangements.
- axio will also provide certain data services to the Co-Lender. (format, information, calculations etc. to be mutually agreed). The objective is for the Co-Lender to have complete information on its co-lent loans and borrower details etc.
- Collections & Recovery for NPA accounts is the primary responsibility of axio. Any specific course of action to be adopted, will be subject to discussion and mutual agreement between both parties.
- The responsibilities under said arrangement are to be clearly outlined and the roles defined.
- The terms and conditions governing this co-lending arrangement will be set out at length in a Business Partnership Agreement, which will broadly cover, among other things:

Annexure F: Responsibility Matrix (TBC)

Activity	Responsibility	Details
Customer Sourcing	axio/axio digital pvt ltd	axio will source through its channels
Underwriting	Axio and Co-Lender	axio & co-lenders will jointly underwrite the customers and will check eligibility. Mutually agreed policy will be hosted in both systems
Co-branded Sanction Letter, KFS & Loan Agreement	axio	Sanction letter, KFS and Loan Agreement will be generated by axio
Operations & Documents	axio and Co-Lender	axio to collect documents as maybe applicable and complete KYC to be carried out by the co-lender or axio as per extant guidelines



Maintenance of customer dues	axio	axio will maintain 100% loan values in its LMS along with a clear bifurcation between its own & the co-lenders share
Disbursement	axio and Co-Lender	Disbursal instruction is initiated to Escrow Bank, by axio, after approval obtained from Co-Lender Ops. Funds are received as per co-lending terms. Money is then transferred to the customer. In case of 100:0 arrangements the disbursal and repayments are initiated and received directly by the lender. Axio or its LSP are not a part of the money flow in such an arrangement
Repayment Banking	axio	NACH/ENACH mandate is registered for repayments
Servicing Customer Requests	axio	Service requests if any will be handled by axio
Collection & Recovery	axio	Collections & Recovery will be primarily the responsibility of axio