

as well as other fee income/expense that are integral parts of the instrument.

Share-Based Payments

Estimating fair value for share-based payment transactions requires use of an appropriate valuation model. We measure the cost of equity-settled transactions with employees using Black-Scholes Model to determine the fair value of the options on the grant date.

Inputs into the valuation model, includes assumption such as the expected life of the share option, volatility and dividend yield.

Further details used for estimating fair value for share-based payment transactions are disclosed in “*Restated Consolidated Financial Information - Note 42*” on page 313.

Business model assessment

Our Company’s business model objective is to hold financial assets in order to collect contractual cash flows. The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates, accordingly entire loan portfolio is classified at amortised cost.

Revenue and Expenses

Set forth below is a description of the principal components of our income and expenditure:

Income

Income. Total income consists of revenue from operations and other income.

Revenue from operations. Revenue from operations comprises interest income, net gain on fair value changes, net gain on derecognition of financial instruments under amortized cost category and fees and commission income.

Interest income primarily comprises interest on our home and other property loans and also interest on fixed deposits, bonds and debentures and other interest.

Net gain on fair value changes comprises realized / unrealized gain from mutual fund investments and change in fair value of minor equity investment held by the Company.

Net gain on derecognition of financial instruments under amortized cost category comprises net gain on our portfolio that are assigned.

Fees and commission income comprises loan processing fee and other charges (net of business sourcing expenses) and fee from intermediary services that we provide (comprising insurance services and servicing fee in direct assignments).

Other Income. Other income comprises miscellaneous income and profit on sale of fixed assets (net).

Expenses

Expenses comprise finance costs, impairment on financial instruments, employees benefits expense, depreciation and amortization expense and other expenses.

Finance costs. Finance costs comprise interest on borrowings (other than debt securities), interest on deposits, interest on non-convertible debentures, interest on subordinated liabilities, interest on others, interest on lease liabilities and finance charges.

Impairment on financial instruments. Impairment on financial instruments comprises impairment allowance on loans, bad-debts written off and impairment on asset held for sale.

Employees benefits expense. Employees benefits expense comprises salaries, bonus (including any one-time bonus paid to employees) and other allowances, contribution to provident and other funds, share based payments to employees and staff welfare expenses.

Depreciation and amortization expense. Depreciation and amortization expenses are incurred on account of depreciation of property, plant and equipment, amortization of intangible assets and depreciation on right to use assets.

Other expenses. Other expenses primarily comprise rent, travelling expenses, goods and service tax and general repairs and maintenance.