

# Statement of Profit and Loss

for the year ended March 31, 2024

Particulars	Notes	₹ in Million	
		Year ended March 31, 2024	Year ended March 31, 2023
<b>Expenses</b>			
R&D expenses	36	64,461.5	60,098.1

## NOTE: 36 R&D Expenses

This fiscal year, our R&D expenses totalled ₹64,461.5 million, compared to ₹60,098.1 million in the previous year, reflecting an increase of approximately 7.3%.

### Rationale for Expensing:

- R&D expenses are charged directly to the income statement as they are incurred, based on our accounting policy that aligns with the immediate recognition principle under applicable financial reporting standards. This approach is adopted because:
  - **Uncertainty of Future Benefits:** Unlike capitalizable R&D projects, these expenses relate to exploratory and early-stage research where the future economic benefits are highly uncertain and thus do not meet our criteria for capitalization.
  - **Immediate Recognition:** Expensing these costs immediately reflects a conservative approach to financial reporting, ensuring that our financial results are not overly influenced by speculative future benefits.

Below is a table that details the breakdown of R&D expenses for the fiscal year 2023-24, showcasing the diversity of projects and their respective financial commitments: -

Category	Amount (₹ in million)	Percentage of Total R&D Expenses	Description
New Drug Development	24,300.00	37.7%	Development of new pharmacological treatments for oncology.
Advanced Diagnostic Technologies	12,150.5	18.8%	Research in imaging technologies and personalized diagnostics.
Clinical Trials (Phase 3)	9,620.0	14.9%	Final stage clinical trials for new treatments.
Biotechnology Innovations	8,090.5	12.5%	Projects focussed on genetic research and biotech therapies.
Early-stage Pharmaceutical Research	4,550.3	7.1%	Exploratory research in new chemical entities.
Technology Upgrades for R&D Facilities	3,240.2	5.0%	Upgrades to R&D infrastructure to support advanced research.
Regulatory Compliance and Patents	2,610.0	4.0%	Costs associated with securing patents and regulatory approvals.
Total R&D Expenses	64,461.5	100%	Overall expenditure in R&D for fiscal year 2023-24.

**Impact on Financial Performance:**

- The expensing of R&D is a significant component of our operational costs but is critical to maintaining our competitive edge through continuous innovation. This year's increased investment reflects intensified efforts in areas such as autoimmune diseases and precision medicine.
- Despite the substantial outlay, these investments are crucial for pioneering new treatments and technologies that can drive future revenue streams and enhance market positioning.
- Scope of Research Activities: The expenditures cover a range of activities from basic research to advanced pre-clinical trials, focusing on areas where substantial unmet medical needs exist.
- Strategic Importance: These activities are essential for keeping our product pipeline robust and responsive to fast-evolving healthcare challenges.