

# Balance Sheet

as at March 31, 2024

₹ in Million			
Particulars	Notes	As at March 31, 2024	As at March 31, 2023
<b>ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Intangible assets under development (R&D)	3E	64,461.5	60,098.1

## NOTE: 3E Intangible assets under development (R&D)

Moon Pharmaceutical began the year with a robust investment in R&D totalling ₹60,098.1 million, representing a dedicated 15% of our total non-current assets, reflecting our strategic commitment to long-term innovation. During this fiscal year, we strategically increased our R&D investments by ₹4,363.4 million, approximately a 7.3% increase from the previous year. This investment is focused on the development of innovative drug therapies and advanced diagnostic tools that are projected to address unmet medical needs and capture new market segments. The capitalization of R&D costs allows us to align the expense recognition with the expected timing of benefits derived from these assets. This approach ensures that our financial statements reflect our operational reality and provide our investors with a clear view of how R&D contributes to value creation.

Below is a table showcasing the progression and key activities impacting the balance of R&D investments throughout the year: -

Activity	Amount (₹ in million)	Description
Opening Balance	60,098.1	Initial investment in ongoing R&D projects from the previous fiscal year.
New Investments	8,000.0	Additional funds are allocated to new and continuing R&D projects focussing on next-generation therapies.
Capitalization	(791.3)	Costs transferred from R&D to tangible assets upon completion of development phases, ready for commercialization.
Impairments	(1,561.1)	Write-downs reflecting adjustments to the carrying value of certain projects that did not proceed as expected.
Foreign Currency Translation	542.5	Gains due to favourable foreign exchange rate movements affect the valuation of international R&D projects.
Other Adjustments	(826.7)	Miscellaneous adjustments, including corrections, reclassifications, or minor disposals.
Closing Balance	64,461.5	The total value of R&D assets under development at the end of the fiscal year, prepared for future benefits.

***Rationale for Capitalization:***

These R&D expenditures have been capitalized as they meet our stringent criteria for capitalization, which include:

- **Technical Feasibility:** Each project has demonstrated technical feasibility through successful Phase II clinical trials, confirming the potential for full regulatory approval and market entry.
- **Economic Viability:** Detailed market analyses predict that these projects could increase our market share by up to 10% in targeted segments, with expected revenue generation commencing within the next 3 years.
- **Future Economic Benefits:** The capitalized projects are expected to contribute significantly to our earnings, with a projected increase in EBITDA by approximately 22% over the next twenty years due to these innovations.