

Dr Kallam Anji Reddy: The man who introduced India to the drug called innovation



By Gauri Kamath

Dr Kallam Anji Reddy, founder of Hyderabad-based drugmaker Dr Reddy's Laboratories (DRL) and pioneering pharma entrepreneur who passed away on March 15, loved a challenge. This son of a turmeric farmer from Andhra Pradesh was in his element when faced with a seemingly intractable problem or hopeless cause.

Whether it was discovering a breakthrough new drug for diabetes in his company's labs, or supplying safe drinking water to rural India through Naandi, the philanthropic organisation that he helped found, Reddy was always ready to pick up the gauntlet.

Life did full justice to his enterprising spirit – it threw several challenges his way all of which he gamely tackled. What stood Reddy in good stead were his incurable optimism, his passion, his trust-and-delegate management style, and his ability to continuously seek inspiration.

Imitation to Innovation

Of the first two there is ample evidence through his career. In the 1980s, when the homegrown private sector was not the dominant force in pharmaceuticals that it is today, his fledgling drug

company embarked on the road to reverse-engineer the best-known drugs of western multinationals (MNCs) at a fraction of their prices. He went after the most tough-to-produce ones; his first choice was blood pressure drug methyldopa. The innovator, US-based Merck, whom Reddy hoped to supply to, believed no Indian company could pull it off.

Reddy was alien to such pessimism. His team hunkered down to the task and DRL eventually became the MNC's biggest supplier of the drug. In the 1990s, as India moved inexorably to a tougher patents regime, Reddy decided it was time for his company to discover its own patentable drugs and get into the elite club of innovators. This was a whole new ball game – expensive, time-consuming, and with little chance of success. It was just the kind of venture that would appeal to Reddy.

Here too, his optimism and passion carried him through. If his scientists found that a promising drug candidate emerging from the lab was already patented a few days earlier in another part of the world, Reddy would cheer them on with the view that thousands of kilometers away scientists were thinking along the same lines as they were.

Beyond the Bottom Line

Over the next decade, his team would license three new potential drug candidates to MNCs for further development. Unfortunately, none of these made it to market for a variety of reasons. Then, investor concerns forced the company to pedal down on its new drug research activities. Reddy was, indeed, disappointed. In a telling moment, he once likened drug discovery to "a spiritual pursuit beyond bottom lines and investor relations", revealing his passion for it and betraying thinly veiled angst against the stock market's impatience with his discovery efforts.

But he recouped and continued his efforts, albeit in a smaller way. His belief and ingenuity led him to partner the former chief scientific officer of DRL in a private company that did research he wanted to back. In parallel, he helped set up a multi-disciplinary science institution in Hyderabad in a tie-up with the state government.

This passion for achievement was matched by a passion to do good. He once told me: "We must show there is good in society. If you read the newspapers you think there are only crooks in this world but that's not true." Naandi, a non-profit he helped found in 1998, wanted to bring change in areas such as education and drinking water. Rapid scale seemed impossible without some sort of partnership with the state.

Most Indian businessmen would balk at getting involved with the government. But at Reddy's urging, Naandi wooed governments to outsource the management of inefficiently run programmes such as the midday meal scheme, municipal schools and water purification plants, mainly in villages, to it. It has made safe water available to over 2 million people and feeds over a million children a day.

Empowering People

None of this he achieved single-handedly, of course. His natural ability to trust, inspire and delegate was admired by other CEOs. Indeed, making people feel important and empowered was

among his strengths as it let him stay focused on what was closest to his heart. Even in the 1980s, he delegated the running of DRL to managing director MP Chary while he focused on the science. Later, his son Satish Reddy and son-in-law GV Prasad assumed shared responsibility at the helm of the company.

His success with reverse engineering fuelled India's bulk-drugs industry. His gumption to do drug discovery fired the imagination of a handful of other Indian entrepreneurs and changed the world's perception of India as a copycat nation to a potential innovator.

I met Dr Reddy last almost two years ago to the date for a profile that I was to write for *The Economic Times*. He looked well, his diminutive frame moved energetically, his trademark conspiratorial laugh was very much in evidence. In short, he was raring to go. When the profile was published, Dr Reddy loved the headline, "The Unfinished Agenda". It captured his state of mind, he felt.

With his passing, it is left to the people that he nurtured to fulfil it.