

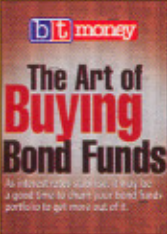
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## Turning a Giver

Dr Reddy's eponymous founder is now attacking social problems.



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# INDIA'S BEST MANAGED COMPANIES

A Business Today-Ernst & Young Study

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Dr Reddy's Anji Reddy at the site of the NICE hospital in Hyderabad

# Meet Anji Reddy, The Philanthropist

The Chairman of Dr Reddy's Labs is morphing into one of India's most committed givers.

E. KUMAR SHARMA

**J**ANUARY 25: THE BOARD OF Directors of Dr Reddy's Laboratories, one of India's largest pharmaceuticals companies, is meeting at ITC Kakatiya Hotel. It is a typically pleasant Hyderabad afternoon. But Dr Reddy's Chairman Kallam Anji Reddy is not there. He is at the Taj Krishna, 3 km away, sipping coffee, leafing through some papers. "I'm no longer involved in the day-to-day affairs of the company," he says, "and spend more than half my time on philanthropic activities."

And it's not just time that he invests. Reddy also gives away the over Rs 2 crore per annum he receives as salary from his job at the company he founded 24 years ago. "I have given away almost all the remuneration I have received," says the 67-year-old scientist-entrepreneur. The bulk of this money has gone to fund initiatives to alleviate hunger, create livelihoods, provide education and access to safe drinking water and pull back children from hazardous industries. His company is also funding an initiative to promote the study of science in the country so that independent India can produce a Nobel laureate in one of the pure sciences (C.V. Raman, the last Indian national to win the prize, lived in British India).

So, how did the man who made his fortune in the ultra-competitive world of the global pharma business and whose first love is still science, morph into one of India's largest givers? He says it's a desire driven by the need to do what he wants to do the most now: give back to society.

## A Hands-on Philanthropist

Like many other big givers, he is extremely reluctant to

### THE CHARITY TRAIN

Reddy's network of charity.

- Naandi Foundation
- NICE Hospital
- L.V. Prasad Eye Institute
- Dr Reddy's Foundation

discuss money. *Business Today* had to piece together the broad figures from individuals and organisations involved in his philanthropic activities. "Philanthropy is not about giving away a cheque; for me, it involves taking up an issue and solving it single-handedly."

He founded Dr Reddy's Foundation in 1996 to pursue causes close to his heart. The Foundation is particularly active in the field of creating livelihoods. Its initiative, called Livelihood Advancement

Business School or LABS, has, so far, trained over 130,000 youngsters with skills suited for entry-level jobs in sectors such as hospitality, ITES and customer relations. Reddy has set a target of transforming a million lives by 2010. "What drives me to do this is the disparity in society," says Reddy, adding that other agencies and companies have also joined this initiative, thus, widening its scope and coverage. "Today, for every rupee that we spend, we are able to get Rs 4 from outside," he says.

Reddy says each of the causes he promotes was triggered by often unrelated issues. He recalls reading a sign in the bathroom of Imperial Hotel in Tokyo about 10 years ago which said: "This water is perfectly potable." That set him thinking about how to make pathogen-free water available to millions of Indians who do not have access to it. He found the solution in WaterHealth International, a US-based company with patented technology in this field. Happily for Reddy, the company was in financial distress and looking for a white knight to bail it out. Reddy's holding company, Dr Reddy's Holdings Private Limited, invested \$1 million in 2005 and revived it. The company is now installing water



**"If you go to him (Anji Reddy) with an idea, he gets completely involved and is always ready with suggestions"**

**G. ANURADHA PRASAD**/DR REDDY'S FOUNDATION

plants in 300 villages covering a population of 2.4 million. "When he thinks of something, he thinks scale. In the case of water, he wants to eliminate the problem of poor access of safe drinking water. He also believes that technology is the enabler that will help connect the dots," says G.V. Prasad, Reddy's son-in-law and Vice Chairman & CEO of Dr Reddy's. Adds G. Anuradha Prasad, Reddy's daughter and Managing Trustee of Dr Reddy's Foundation: "If you go to him with an idea, he is very receptive, gets completely involved and is always ready with suggestions on how it should be implemented."

In the late '90s, then Andhra Pradesh Chief Minister N. Chandrababu Naidu was keen that India Inc. do more for society, and this led to the formation, in 1999, of Naandi, a not-for-profit institution that counts Anand Mahindra, Vice Chairman & MD, Mahindra & Mahindra; Isher Judge Ahluwalia, economist and Chairperson, International Food Policy Research Institute; B. Ramalinga Raju, Chairman, Satyam Computer Services; G.M. Rao, Chairman, GMR Group; and K.S. Raju, Chairman Nagarjuna Group; among others, as board members. Headed by Reddy, Naandi implements its own programmes. "Following the success of our initiative in the Krishna district of Andhra Pradesh (WaterHealth is the technology partner) two years ago to provide 12-15 litres of pathogen-free water for just Re 1, we broad-based it in August last year to include treatment of flouride, arsenic, pesticides and chemicals in partnership with Tata Projects," says Naandi CEO Manoj Kumar. A user fee, not exceeding 10 paise per litre, is levied for maintenance and upkeep of the plant and

## CONNECTORS AT WORK

Reddy wants to get Tata interested in his clean water initiative.

**R**ATAN TATA'S NANO CAR PROJECT could well play a role in providing lots of Indians with access to safe drinking water. No. The car is not being redesigned. Somewhere in the media coverage of the launch of the new car, Dr Reddy's Chairman Kallam Anji Reddy read that Tata Group Chairman Ratan Tata's next major goal in life was to provide



people with access to safe drinking water. That was enough for Reddy to write to Tata seeking time to meet him and discuss how his Naandi Foundation could build on some of the work that Tata Projects was already doing in this field. Tata responded positively to this and expressed interest in taking this philanthropic partnership forward. Little wonder, Reddy believes and often says: "If your intent is very powerful, you will find 'connectors' who will facilitate matters and turn your intent into reality."

Some state governments are also showing interest in his mission to provide people with access to safe drinking water. According to Naandi Foundation CEO Manoj Kumar, Punjab Chief Minister Prakash Singh Badal recently announced his government's desire to work with Naandi and expand the programme to the entire state. Then, the Comprehensive Healthcare Programme for School Going Children, which Reddy funded in Hyderabad (60,000 children have benefitted), is now being replicated in Rajasthan. At 50 paise per day per child (a fifth of the cost of mid-day meal), the programme covers all costs from diagnosis, medicines and surgeries. "This," says Kumar, "will involve an annual expenditure of Rs 182.5 crore by the Rajasthan government."

That is just one of the reasons why Reddy believes so strongly in "connectors and the power of intention".

equipment. This project has already been rolled out in 10 to 12 districts of Andhra Pradesh, Rajasthan and Punjab.

### Institution Builder

In all these initiatives, Reddy has taken pains to put in place structures that can make them self-sustaining. Says B. Ramalinga Raju, Chairman of Satyam Computer Services, who himself is quite well-known for his philanthropic activities: "He is bringing his institution-building skills to the social arena."

Reddy has committed to contribute 10 per cent of a corpus of Rs 100 crore over 10 years that will make the L.V. Prasad Eye Institute self-sustaining. The institute is the only one in India and one of the few in the

world that uses stem cells for corneal reconstruction (for restoring eyesight). It has treated over 500 such cases over the last five years, the highest anywhere in the world. Besides this committed amount, Reddy has been regularly contributing (he won't reveal the exact figure) to the various initiatives and programmes run by L.V. Prasad Eye Institute. Says Dr G.N. Rao, a noted ophthalmologist who heads the institute: "He is always there for us. We see him as one of the finest examples of individual and corporate giving." Adds Satish Reddy, his son and MD & COO of Dr Reddy's Laboratories: "Today, whatever the organisation (Dr Reddy's) is doing is just a reflection of his personality."



**Dr Reddy's Foundation:** Spearheading literacy initiatives

### Future Plans

Most of Reddy's philanthropic initiatives are ventures that he or his family have funded out of personal money. In some cases, this has been supplemented with donations from Dr Reddy's and other large companies and individuals. Now, he is thinking ahead, putting in place an institutionalised structure and corpus to keep these activities going.

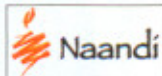
It's early days yet, but he is considering transferring all or a part of his 10 per cent stake in Dr Reddy's, which is valued at around Rs 1,000 crore, to the Kallam Anji Reddy Foundation (KAR Foundation), which he plans to set up soon. He is still working out the details, but says this new foundation, once set up and funded, will provide people with access to all the key unmet health-care needs (from common cold to cancer). The structure he has in mind could be like the Tatas where part of the shares are held in a trust. "It is still early," he says. When that happens, he will have set another example for others to follow. ■

## ALL FOR A CAUSE

Anji Reddy partially funds and is actively involved with the following institutions.

### NAANDI FOUNDATION

This is a not-for-profit organisation backed by several companies, with K. Anji Reddy as its Chairman. It deals with the issues of hunger, education, drinking water and livelihood and, among other things, provides 650,000 mid-day meals to children attending government schools in Andhra Pradesh, Madhya Pradesh and Rajasthan from 14 centralised kitchens.



### INSTITUTE OF LIFE SCIENCES (ILS)

ILS focusses on the interface between life sciences and chemistry. Here, chemists and biologists work together to seek solutions to human health issues. The model is to create its own intellectual property and commercialise it in collaboration with industry and other institutions. The other goal: produce independent India's first Nobel laureate in one of the pure sciences. "Dr Reddy's Laboratories has invested around Rs 30 crore on this dream," says ILS Director Javed Iqbal.

### DR REDDY'S FOUNDATION

Set up in 1996, its key focus areas are livelihood generation and education. Today, in partnerships with various state governments and a few companies, it has created 134,222 livelihoods. Reddy has set a goal of creating one million livelihoods by 2010. At the moment, the foundation is also working on setting up neighbourhood schools in and around Hyderabad to provide quality education to all.

### NICE HOSPITAL

A first-of-its-kind state-of-the-art neo-natal care hospital, it is being built in Hyderabad at a cost of Rs 15 crore (in Phase I). It is backed by the government of Andhra Pradesh and with two not-for-profit organisations. Reddy and his family are among the leading contributors.

### L.V. PRASAD EYE INSTITUTE

This is the only institute in the country (and one of the few in the world) to have perfected the use of stem cells for corneal reconstruction to restore eyesight. It has treated over 500 such cases over the last five years, the highest number anywhere in the world. Reddy has pledged to contribute Rs 1 crore every year for 10 years starting 2006. To honour him, the institute's board decided last year to name its Hyderabad campus, the Kallam Anji Reddy Campus.

