

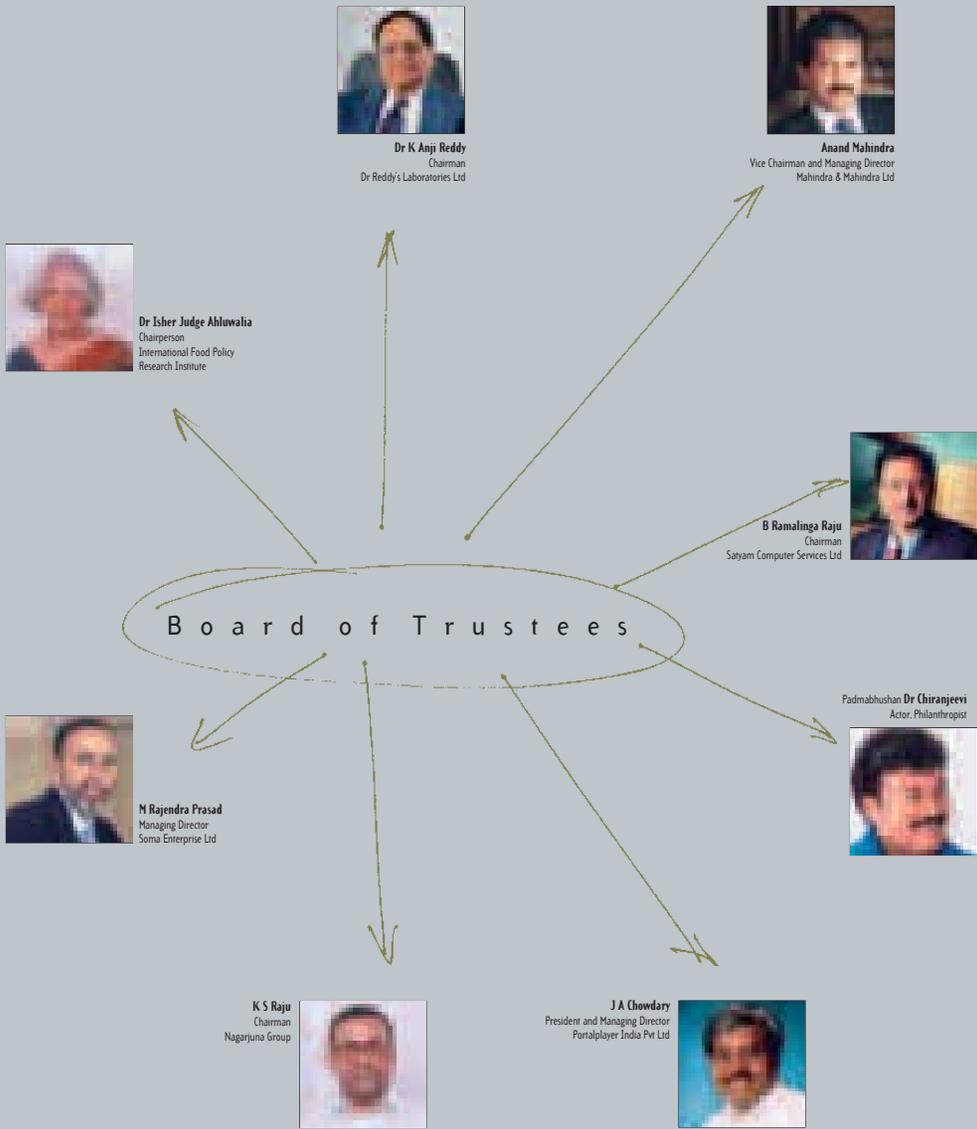
NAANDI  
REPORT  
2006



Changing Lives

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V I S I O N

**Eradicate Poverty**

Sustainable Livelihoods

Child Rights

Safe Drinking Water

The Power of 10™



## From the Chairman

Whenever I have the occasion to address scientists, I tell them that success in path breaking research and discovery lies in asking the right questions. They often pave the way for innovations.

I think this rule applies equally to the social sector for finding solutions to poverty and sustainable development. As Chairman of Naandi I've seen this happen.

Look at these two cases. For enhancing learning outcomes, the team at Naandi asked children what prevents them from understanding basic mathematics, science and language in spite of attending school regularly, especially schools that had good teachers. Listening to the children helped. One of the things that emerged was that children lacked a learning environment at home - space and time of their own where they could revise and revisit what they had learnt in school. And secondly, that they needed help to better understand concepts in these subjects lest they have to rely on the rote method, which has obvious limitations. The result - Naandi now runs (through trained, committed community youth) Academic Resource Centers in every school daily after school hours. Each child's learning needs are looked into. Worksheets, lesson plans, assessments, the works. Every single detail that we give our own children. To back the Naandi team, Michael and Susan Dell Foundation, Sir Ratan Tata Trust, corporates such as Mahindra & Mahindra, HDFC Bank and my own Dr. Reddy's are putting in their resources, and faith that with better pedagogy and extra learning hours, even government school going children will learn.

As for the second case of bringing safe drinking water to all families especially in rural areas, the key questions that communities asked us were, will the solution you bring reduce our illnesses? Will it go defunct later? Will we have some say over the system that cleans our drinking water? Will it be affordable? Serendipity and innovation helped us answer these concerns. We were fortunate to come in contact with WaterHealth International (WHI), a California based company, which had the right water purification technology and a global vision to transfer it to underserved populations. India offered the opportunity and Naandi the partnership to make it happen. The innovation was the tripartite partnership between Naandi, WHI and village panchayats. The panchayats sign up for treating their community water source and pay for the capital cost of setting up the water purification centres through affordable user fees. WHI lends all technological and operational support to set up and run the purification centres. Naandi creates bridges between community and official stakeholders, convinces them of the programme, ensures community buy-in and brings in healthier and more hygienic lifestyles. Mind you, all of this is made sustainable by gainful employment of local youth trained for this project.

The test of any innovation lies in its scalability. I am glad that the school learning programme is gaining wide acceptance from governments and communities in urban, rural and even tribal areas. Soon the poor will begin to demand that if they send their children to school, we should ensure that they learn. Similarly, the safe drinking water project that has spread to nearly 100 villages in less than ten months is now poised to grow geometrically across the nation. By 2020, every village in India will have safe drinking water. Hopefully, Naandi will combine this with a latrine revolution that will ensure that open defecation is also a thing of the past.

This nation needs many more frameworks like Naandi and many more successful leaders to don the mantle of addressing problems in the social sector. I'm hopeful that Naandi will continue to inspire everyone with the work that they are doing.



Dr. K Anji Reddy

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# Sustainable Livelihoods

Empowering small and marginal farmers, rural working women and landless communities with opportunities, skills and essential market linkages that help improve their incomes and quality of life.

Irrigation  
Organic Farming



# Sustainable Livelihoods

**T**oday, in India, when you say 'farmer', the image that comes to mind is often that of a hapless, debt ridden, overburdened face full of despair searching for the nearest pesticide bottle to consume and kill himself. In spite of having nearly 60 per cent of India's population dependent on the rural agrarian economy for a livelihood, freedom for an average farmer is defined as death. For those who survive the urge to commit suicide, freedom is selling their land for a pittance and migrating to urban areas in search of wage income. According to the World Bank's projections the number of people in India who migrate from rural areas into cities will soon exceed the combined populations of UK, Germany and France. And a majority of such migrations are driven by the search for economic security.<sup>1</sup>

All this is ironical since the bulk of Indian subsidies continue to be in the

agricultural sector and India has been one of the champions of land reforms, which were intended to liberate millions of poor trapped in bonded slavery. India has also heralded the green revolution and its vibrant democracy ensures that governments are elected often on the strength of the votes of the farmers. What then ails Indian agriculture? Why is it that an average Indian farmer continues to grow poorer by the day?

## **T**he small and marginal farmer

Through a number of pilot programmes in irrigated, rainfed and tribal semi wastelands, Naandi has seen first hand the tribulations of a marginal farmer working on land holdings that have been fragmented by sub divisions arising out of inheritance over generations, by mortgaging portions of land for debt, and so on.

<sup>1</sup>A paper presented by Jawaharlal Nehru University and VV Giri National Labour Institute at the Regional Conference on Migration, Development and Pro-Poor Policy Choices in Asia, which was jointly organised by the Department for International Development, UK and Refugee and Migratory Movements Research Unit, Bangladesh in June 2003, Dhaka.

The tenth five year plan says 78% of India's farmers are small and marginal. They obviously cannot derive any benefits from economies of scale in their small, fragmented holdings. And as they are in the unorganised sector they are without institutional access to modern technologies and knowledge or financial services through which they can make investments to improve productivity of their lands. Poor infrastructure and connectivity (power, telecom, roads) further compound their competitive disadvantage. It is in this environment that we are expecting an average Indian farmer to become a successful entrepreneur. Indeed, the odds are heavily against him. Unless policy frameworks and institutionalised support systems are made available and accessible equitably to all, marginal farmers will continue to find it impossible to come out of the vicious cycle of poverty, which they have been forced into.

## **T**he farmers' collective: The end-to-end solution framework

Like all other developmental interventions of Naandi, the one on sustainable livelihoods for farmers also begins with the process of social immersion. We spend months with clusters of marginal farmers understanding their problems, their situation and gradually convince them to take on Naandi as a partner in their struggle for liberation from poverty.

On our part, as a first step, we organise individual small farmers into groups and federate them into societies or collectives and register them legally as such. This institutional framework not only binds them together and enables easier transfer of knowledge to them but also gives them the opportunity to leverage economies of scale when contiguous land holdings are worked on together. The very fact that they are part of a farmers' collective gives them a new sense of identity. Emboldens them that they are not alone and that they have a voice.

Naandi, through participatory methods identifies leaders and trainers from amongst this collective who in turn go through a capacity building process to emerge as key resource personnel for driving the agenda of empowerment and poverty alleviation. Exposure visits, training, linkages with relevant institutions and government bodies form part of this process.

For reaping economies of scale - along with enabling contiguity of land holdings, homogeneity of crop selection too is made an essential element of this strategy. Multi-cropping is preferred for both de-risking and for optimal income yield. In the long run, such farmers' collectives, it is planned, will be linked across regions into a national farmers' representative body - the Small and Marginal Farmers Federation of India (SAMFI).

## Managing natural resources optimally

India's agricultural productivity is one of the lowest in the world. It is now being recognised that the green revolution was not a sustainable model to improve productivity, and the depletion of land fertility, soil erosion and uncontrollable pest attacks are all going to crash the Indian farmer's dream of an evergreen revolution to a never green catastrophe. While lack of water, defunct irrigation systems, excessive use of fertilisers and pesticides have plagued farmers in irrigated regions, those in the hills and rainfed areas have been victims of soil erosion and forest denudation - key players in causing man-made droughts. Naandi, therefore, offers a package that looks at reviving environment-friendly irrigation practices such as those using surface water from rivers through a lift system, and entrusting their management and maintenance to farmers through their collective. Naandi also provides comprehensive training on natural resource management practices ranging from crop selection, to crop rotation, soil enrichment, and fixation of nitrogen and water, and as far as possible combines them through scientifically certified organic farming standards to create eco-friendly, sustainable land management and productivity formulas.

## Adding value to the produce

Optimal use of natural resources and enhanced land productivity is followed

by initiatives that enhance the value of the harvested crop. In the case of areas where Naandi is working with tribal farmers growing coffee organically, we have through coffee farmers' collectives set up community-managed coffee processing plants as processed coffee beans command greater market prices. Non-timber forest produce including common use products such as tamarind, offer enormous opportunities for value addition through de-seeding / de veining and packaging. And in the case of horticulture crops, segregating and grading the produce itself fetches differential prices. It is planned to include food processing as the next step in the value addition chain.

Accreditation for the cultivation processes either in the form of organic certification or in the form of crop specific technical collaborations is another key feature of Naandi's strategy to add value to small farmers' produce. In this manner, the Coffee Board of India, SKAL International (Dutch agency for organic certification), and Solidaridad are linked with the present farmer collectives that Naandi has helped set up. They are enabling farmers to differentiate their products in domestic and international markets through co-branding opportunities that emerge out of these collaborations.

## Linkages with institutional finance

The absence of well-defined institutionalised financial services for the small and marginal farmer has been an

open invitation for moneylenders to entrap needy farmers into huge debt burdens. And many times it is this moneylender who graduates to function as the middleman and exploits the farmer with both low prices for his crop and usurious interest rates for loans. Any effort at livelihood strategies to offer complete solutions to farmers without eliminating the role of the middleman and replacing him with institutional financial services would not only be incomplete but counter productive as well. Grouping of farmers and financial disciplining through thrift and credit usage is a critical area of work that Naandi carries out to make these farmers bankable customers for the formal financial services sector. Lower interest rates from banks automatically reduces the debt burden, and freedom from the compulsion of selling their crop to money lenders further enhances increased income possibilities. Overall, financial security and long-term planning of cash flows through their cooperatives that are trained to offer these inputs to their members becomes a definite possibility for these farmers.

## Creation of high value markets

The last segment in the end-to-end solutions approach for small and marginal farmers is the one that links them with high value markets. Gathering the produce of farmers, grading it and offering it in bulk is the first step in the value chain. This part is initially played by Naandi with a vision of transferring this role to the farmers' collective after

necessary training and capacity building. Apart from better bargaining power for prices, high volumes offer opportunities for trading in the wholesale and export markets. The international organic certification and fair trade accreditation processes that Naandi enables these collectives to earn through diligent processes and farming practices opens up a new window for high value markets, which according to conservative estimates offer 20 to 25 per cent higher prices than conventional wholesale domestic markets. In its menu of options Naandi intends to, in the near future, facilitate farmers' collectives to get into retail sales through partnership with high value agri-business chains.

## Scalability

Naandi's experience with this model with tribals in the rainfed semi wastelands of Araku valley located 600 - 900 mts. above sea level in south India, with farmers in the plains of Andhra Pradesh with irrigated (river based) lands, with farmers in the rich ecosystem of the Andaman & Nicobar Islands, and finally with farmers in the natural farming environment of Nagaland, have all proven that this approach is both scalable and adaptable to any region in India. A thousand such farmers' collectives supported with end-to-end solutions and appropriate linkages with institutions and markets could well herald an era where farmers transform themselves from symbols of despair to beacons of hope for sowing the seeds of India's second green revolution - a revolution designed to be evergreen.

## || The Coordinates of Prosperity

- # Helping below poverty line families cross the line.
- # 80,000 acres of drought-prone land made cultivable again.
- # 30,000 farmers assured of water for irrigation.
- # Distress migration reduced.
- # Covering 207 villages, 104 lift irrigation schemes, in 8 districts of Andhra Pradesh.
- # Farmers federated into collectives, trained in irrigation scheme management best practices.
- # Supported with marketing linkages.
- # All Farmer Collectives to have audited balance sheets.
- # Farmers contributing 10-20 per cent of the cost of mechanical repairs themselves a first-of-its-kind in the state and possibly in the country.
- # Increased incomes by 20-25 per cent.
- # Expansion to Karnataka and Rajasthan next year.

### Irrigation

Helping farmers harvest surface water for irrigation through revival of defunct public lift irrigation assets, and decentralising their supervision to farmers' collectives / societies for greater equity and efficiency in management.

From the

# Community



Earlier I was forced to migrate to construction sites in Bangalore in search of work. The revival of the lift irrigation scheme in my village has revived my life, my home and my agriculture.

**Chandappa**  
Farmer, owns 3 acres of land, Kandukuru Village, Kurnool district, Andhra Pradesh (AP)

We had no marketing support earlier and sold our crops to any trader who made the first visit to the village. And we were often cheated. We also did not know how to market our crops well. Because of your support, not only with the revival process but with marketing as well we were able to sell 920 bags of paddy at higher prices.

**Payam Bhadraiah**  
President, Sri Veeranjeya Lift Irrigation Scheme, Ammagaripalli, Khammam district, AP



From our

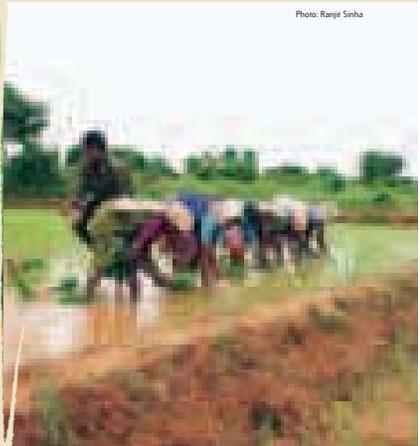
# Partners

We have found tremendous community ownership at the lift irrigation schemes, which were handed over to Naandi for revival. It is obvious that their's has been a very effective social mobilisation process.

**Khaleesha Wali**  
Deputy Executive Engineer, Andhra Pradesh State Irrigation Development Corporation (APSIDC)

The Sir Ratan Tata Trust is currently supporting three projects with the Naandi Foundation. The efforts put in by your organisation have gone a long way in enhancing the livelihoods of the people besides the quality of education in government schools. The Trust is proud of its partnership with Naandi Foundation and wishes it all the very best in its endeavours.

**Arun Pandhi**  
Programmes Manager, Sir Ratan Tata Trust



## || The Importance of being Organic

- # Araku Valley *adivasi* (tribal) organic plantations in Andhra Pradesh received the SKAL (The Dutch organic accreditation agency) certification for 100 per cent organic produce.
- # 8,000 tribal families as partners mobilised into coffee farmers' collectives for greater empowerment and joint decision making.
- # Guaranteed markets for every kg of coffee produced.
- # Assuring 25-30 per cent higher purchase prices to farmers compared to local traders for Arabica coffee beans.
- # Converted 8,000 acres of semi wasteland into organic coffee plantations.
- # Special organic zones to be set up in phases over 30,000 acres of eco-fragile land.
- # Portfolio expanded to Andamans and Nagaland this year. Rajasthan next year.



Photo: Rajendra Shaw

### Organic Farming

Promote and support globally accepted organic practices for small and marginal farmers in eco-fragile areas to help them realise higher sustainable incomes by federating them into professionally managed farmer collectives / societies.



Photo: Mustafa Qureshi



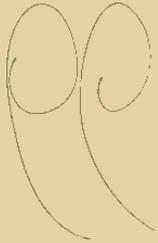
Photo: Rajendra Shaw



Photo: Rajendra Shaw

From the

## Community



Coffee is bringing us stable incomes. Thanks to Naandi who is guiding us in every way, this year I earned more than Rs 20,000 from an acre and I am hoping to get more than Rs 25,000 in the current year coffee season.

**Tiku**

Kutiya tribal, widow & family head, Araku Valley, Visakhapatnam, Andhra Pradesh (AP)

In the process of understanding how to grow coffee organically, we've also developed a greater community feeling and ownership that this is our future and we must take care of it. We are confident now that we can solve our problems and plan ahead for ourselves. Nobody should doubt the success of our cooperatives. It is going to be by us, for us and of us.

**Kumbho**

Kutiya tribal, Vice President, Promoters' Body, Tribal Organic Coffee Growers' Mutually Aided Cooperative Society Ltd, Araku Valley, AP



Photo: Rajendra Shaw



Photo: Rajendra Shaw



Photo: Rajendra Shaw



Photo: Rajendra Shaw

## Organic Farming

From our

## Partners

The organic coffee project has revived the hopes of the tribal families in Araku. Degraded forestlands have now become prosperous agro forestry farms. In the non-traditional coffee belt of India, this is a unique intervention with a great potential to reach optimal scale in Andhra Pradesh and the borders of Orissa.

**Mustaq Khan**

Deputy Director- Extension, Regional Office, Coffee Board of India, Visakhapatnam, Andhra Pradesh (AP)



Photo: Rajendra Shaw



Photo: Rajendra Shaw

The organic farming initiative of Naandi is very intensive. They have targeted at least 3 metric tonnes of organic manuring per acre of coffee plantation. And they have been extremely successful in moulding tribals through rigorous scientific methods of plant management into being 'by practice organic.'

**Purusottam**

Project Officer, India Chapter, SKAL International, Bangalore, Karnataka

Through this programme Naandi is creating sustainable livelihoods for indigenous people in the difficult hilly terrains of Visakhapatnam. It has achieved the twin objectives of sustainable, environmental development and empowerment of the indigenous people with appropriate knowledge transfer. They also have shown how cost-effective solutions can be up scaled in a very short period of time.

**Dr Manmohan Singh**

IAS, Former Commissioner, Tribal Welfare Department (2005-2006), AP, currently Vice Chancellor, Sri Venkateswara Veterinary University, Tirupati, AP



**Our other key partners in this programme** are the Integrated Tribal Development Agency, The Government of Andhra Pradesh, The Government of Nagaland, The Union Territory of Andaman and Nicobar Islands, The Monsanto Fund, UTI Bank Foundation, and the Solidaridad, Holland.



Coffee



Organic Farming

A box of organic coffee from tribal Araku made its way across the country to key decision makers and thought leaders of the country. Sent as a complimentary by the Chairman, Dr K Anji Reddy, the response to the coffee has been a shot in the arm for the programme.



Infosys

December 21, 2005

Dr. K. Anji Reddy,  
Chairman,  
Dr. Reddy's Laboratories Ltd.,  
7-1-27 Amraapeta,  
Hyderabad - 500 016  
Tel: 040-23321946  
Fax: 040-23321955

Dear Dr. Reddy,

Thank you very much for your letter and the special souvenir - a pack of coffee grown in Atara valley. I am touched by your kind gesture.

I am sure my family and I savour the coffee.

With Season's greetings and best wishes.

Yours sincerely,

*[Signature]*  
N. R. Narayana Murthy  
Chairman of the Board

Mahindra

Keshub Mahindra

Dear Dr. Anji,

It is very kind and thoughtful of you to have sent me a box of coffee. I have not had the opportunity yet of savoring a hot brew, but I eagerly look forward to it. I am delighted with the association that we have cultivated since through the Nandan Foundation and I do indeed look forward to doing many things together. Wishing you a Very Happy New Year. With warmest regards,

Yours sincerely,  
*[Signature]*  
Keshub Mahindra

ERNST & YOUNG

December 21, 2005

Dr. K. Anji Reddy,  
Chairman,  
Dr. Reddy's Laboratories Ltd.,  
7-1-27 Amraapeta,  
Hyderabad - 500 016

Dear Dr. Reddy,

Thank you for your letter dated December 15, 2005 and for the special souvenir which is received so very kind and thoughtful of you. May I take the opportunity of wishing you and the family a happy and prosperous new year.

With warm regards,

Yours sincerely,  
*[Signature]*  
Udaykumar Palanisami

TATA

December 20, 2005

Dear Dr. Reddy,

Thank you for your letter of December 15<sup>th</sup>, and for the packet of coffee that you have thoughtfully sent me. I greatly appreciate your gesture and the trouble you have taken.

Let me take this opportunity to wish you and your endeavours every success. With my greetings for the New Year, and with personal regards,

Yours sincerely,  
*[Signature]*

भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA

December 20, 2005

Governor

Dear Dr. Reddy,

This is to acknowledge with thanks the receipt of your letter of December 15, 2005 along with the special souvenir.

I hope to enjoy it at leisure.

With regards,

*[Signature]*  
P.S. We as a nation are proud of your achievements and contributions. (Y.V. Reddy)

Dr. K. Anji Reddy  
Chairman  
Dr. Reddy's Laboratories Ltd.  
7-1-27 Amraapeta  
Hyderabad 500 016

gsk

Dr. Reddy's Laboratories Ltd.  
7-1-27 Amraapeta  
Hyderabad - 500 016

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Yours sincerely,

*[Signature]*

Ensuring Children learn

Supporting the Girl Child: Namhi Kahi Project

## C h i l d R i g h t s

Preserve and promote the rights of children and youth to enable them to realise their fullest potential through life and livelihood enhancing skills and opportunities that enable them to lead a life of dignity and self-esteem.

Fighting hunger in Schools: The Midday Meal

The 50 paise miracle: Schoolchild Healthcare Plan



# Child Rights

Nearly half of the world's hungry and malnourished children are in India, in fact they number more than those in the entire sub-Saharan Africa. Even worse is the numbing statistic of four children dying every minute in India because of starvation. Other preventable deaths from diarrhea, malaria and unsafe deliveries are an altogether separate record in mortalities. It, therefore, comes as no surprise that India is among the most dangerous places in the world for a child to be. We are sixth in a global poll, which ranks countries where children are most vulnerable. And unlike war-torn countries, it is the violence of poverty that makes the Indian child so vulnerable.

Against this backdrop, let us mirror another set of statistics. The Government of India along with various State Governments runs three of the world's largest programmes targeted at children's welfare – the Integrated Child Development Scheme (ICDS), the

Midday Meal programme to feed all elementary school going children, and the Sarva Siksha Abhiyaan – the Universalisation of Elementary Education programme. All three of them reaching out to millions of underprivileged children. Every year the budgeted allocations to these programmes are on the increase. Then why are we failing? Where are we going wrong?

Having been part of the nation's efforts in providing an overall enabling environment for children to be born healthy and to grow up in, Naandi feels the fault is not entirely with the state or its efforts. The challenge is so gargantuan, the task so complex and onerous that any effort made by the state alone ends up in making only a limited, lilliputian impact when compared to the problem.

We know that the near double digit growth of the Indian economy, in the last decade, is not the result of isolated state

run initiatives only, but the collective efforts of the state, private and global players which are popularly termed Public Private Partnerships (PPPs).

If this is common wisdom then why didn't we invite and engage greater participation from the non-government sector? Why didn't we include the private corporate sector to accelerate our efforts at addressing child rights? After all, they have as much to gain from nurturing generations with education and health to make them able, responsible, productive citizens. From newborn care to early childhood development to fighting hunger and malnutrition to quality elementary education and skill building if we need to give millions of children and adolescents their basic rights to live, learn, grow and play productive roles in the country we need to oversee the delivery of critical life saving and life enhancing services with efficiency with equity to all. And this can happen only if it is a collective effort of the state and private organisations joining hands to build a nation together by focussing on its children.

Fortunately the movement seems to have begun. Governments of Andhra Pradesh and Rajasthan have led by example by inviting NGOs such as Naandi, institutions and corporates into jointly creating solutions for their social sector problems. And change has been evident. Our successes in these states have led us to believe that PPPs are needed everywhere, they have to be the order of the day.

They have to become the agenda of every individual or organisation that has anything to do with India.

These PPPs are not just between state governments and Naandi, but are more pluralistic in nature as they are aimed at bringing together leading corporates, thought leaders, national and international agencies such as The World Bank, Michael and Susan Dell Foundation, Swedish International Development Agency, and the Sir Ratan Tata Trust to name a few. In that sense Naandi has broadened the paradigm and improvised on the PPP model to include another P: Public Private Pluralist Partnerships. The 4P model.

Naandi has been intensifying its efforts through such initiatives to be counted as a torch bearers of this Child Rights centered PPPP movement. Two of Naandi's largest programmes are – providing Midday Meals in government elementary schools, and ensuring children attain grade specific learning competencies. Through these two programmes Naandi impacts positively over half million children every day.

Wherever the 4P model functions for Child Rights it is with the conviction that every child is entitled to quality care and nurture, and at various stages of life she must get essential health, education and nutritional inputs irrespective of whether her parents can pay for it or not. These beliefs guide our interventions.

And they cover the entire life cycle of a child – right from conception to pre-adulthood – converging critical inputs of health, nutrition and education to equip her with those faculties and capabilities necessary to improve her life chances.

## Safe motherhood and early childhood care and development (ECD)

To improve life giving and life enhancing services to a child from the time she is conceived till she is ready for school Naandi's Child Rights portfolio embraces both safe motherhood and early childhood care and education interventions into its fold.

From safe delivery to the first five years of infancy, underprivileged children, in millions are denied full realisation of their rights. Inadequacies of the Government run safe motherhood and ICDS programmes result in malnourished and stunted growth children who start their school years with a huge disadvantage. And lack of adequate childcare centres force daily wage earning parents make elder siblings drop out of school to take care of younger ones.

Naandi, therefore, has forayed into working with expecting and new mothers in remote rural areas of AP where state run healthcare services are improved, supplemented and

complemented with various healthcare interventions aimed at reducing maternal and neonatal mortalities. And for healthier and more enabling childhoods Naandi is setting up and running ECD centres in remote and backward tribal and low literacy districts of Andhra Pradesh and Madhya Pradesh. Through value additions such as trainings to existing service providers in the ICDS schemes for greater responsiveness to community demands, curriculum enrichment (both health and cognitive), encouraging community participation (through donation of common land and of labour to set up the ECD centres), Naandi has been creating stronger linkages between communities, local self governments and the state in the initiation and running of ECD centres and thereby preparing children in these areas to enter the phase of elementary education.

## Ensuring children learn: Partnering with government elementary schools

The lowest percentile of Indian population, the one at the base of the pyramid are the only ones that access government schools, that is, if they access schools at all. Despite increasing investments the institution of government school – the bedrock from where will emerge India's future citizens – is crumbling.

At least that's what the numbers say. Only 3/10 girls enrolled in grade I reach grade X. For boys the score is only a shade better. Drop outs are increasing in the higher grades. Learning outcomes measured across the states and regions show abysmal results. More than half of Indian school going children in any grade demonstrate learning that is far below the minimum learning levels.

To improve learning levels and bring about change in these statistics Naandi with support from progressive institutions such as Michael and Susan Dell Foundation, Sir Ratan Tata Trust, REACH India (a USAID programme) have entered into a novel partnership with state governments. After school hours, Naandi runs Academic Support Centres (ASC) in the school premises itself. Targeted mainly at improving learning levels of girl students, scheduled caste and scheduled tribe students, and other low performing students (based on a third party baseline assessment of their learning levels) these centres are run by trained, committed community youth (mostly women). These classes are conducted free of cost for the students and attendance is purely voluntary on their part. Experience so far shows that children have been thronging to these classes despite having them after school hours. For instance, in the tribal Bastar region of Chhattisgarh where these classes take place at the break of dawn before school hours, children reach these centres even before the youth or the *Bala Mitra* as the facilitator is fondly called, comes to take lessons.

Focus is on mathematics, science and languages. Like the learning level baseline mapping, Naandi's ASC-based learning improvement efforts are assessed for efficacy and improvement through a third party assessment programme twice a year.

However, the centre based 'after school hour' approach is Naandi's introductory intervention for constructive engagement with the government education system. Using lesson plans, innovative pedagogical tools including multi-grade group learning approaches, Naandi together with government school teachers, intends to standardise and modularise these learning transactions without jeopardising scope for creativity. These modules built on concept learning, problem solving, and repeated practice is eventually meant for adaptation by the teachers themselves in the mainstream schooling system.

Naandi will, of course, continue to offer the ASC service to any of the low performers who need further conceptual clarity and a learning environment space for revising lessons. Currently, nearly 1200 community youth have been trained to take classes in the Naandi centres in schools, fully aware that they'll never substitute regular teachers, this cadre is designated as community activists. The spirit behind this approach is the need for action-based activism that will generate a community based demand for quality education.

To include the community Open Blackboards and community meetings are held to create greater influence and ownership from among parents and the community over the way their children are learning and performing.

The Open Blackboard is a Naandi innovation. It is put up at a public place near a government school to display: Student enrolment, Student attendance, Teacher attendance, status of the school environment and facilities, and so on. It is filled everyday with observations by a child, a teacher and a community member and these observations are discussed at monthly community meetings providing a forum for grievances to be aired between parents and teachers, for suggestions to be shared and for joint action for improvement to be taken.

## **N**anhi Kali: Special focus on the girl child

In the infamous Chambal Valley in Madhya Pradesh, in the insurgency ridden tribal regions of Andhra Pradesh and Chhattisgarh, and in the slums of Hyderabad and Mumbai girls struggle to get the attention and opportunity they deserve to be equal partners with boys in their right to quality elementary education. The Nanhi Kali (meaning a little bud) project is a step to bridge this gender gap. Run by contributions from India's civil society and corporates, and

managed jointly by the K. C. Mahindra Education Trust (KCMET) and Naandi Foundation, the project supports girl children in a variety of ways that enable them to continue with their education. This includes on one hand their need for uniforms, learning aids, personal hygiene materials and on the other, personalised tutorial needs through the Academic Support Centres that Naandi runs at the government schools these girls go to.

Because of the project, today, stories of girls abandoned by their parents, girls forced to stay back at home for want of clothes and uniforms, girls made to drop out because parents believed it unnecessary to educate their daughters are gradually giving way to case studies of girls flocking to school, of girls learning, and of parents thinking twice about taking their daughters off from schools. The Nanhi Kali movement supported whole heartedly by private citizens, and the tribe of Nanhi Kali guides from Naandi are doing their bit to make Universalisation of Elementary Education more equitable, and a reality across some very tough terrains in the country.

Going by the impact made on the girl children, and the response to this movement from all sections of society, the vision that the project has set for itself - support one lakh deserving girl children - seems very achievable in the near future.

## **T**he Midday Meal : Combating hunger and malnourishment in schools

Ever since the Honorable Supreme Court of India ordered Central and State Governments to provide a cooked, nutritious midday meal mandatorily to every elementary school going child in India, Naandi seized the opportunity to offer the service (with enhanced investment and partnership from private sector) in places where state governments couldn't run the programme in isolation. Starting with the Andhra Pradesh government, Naandi expanded its midday meal service with Madhya Pradesh and Rajasthan governments as well by setting up state-of-the-art centralised kitchens that supply nutritious, hot, hygienically cooked meals of uniform quality to all schools in a region. This meant teachers were freed from cooking, schools were saved from risks of fire hazards, and standardisation of food quality for all children were ensured.

As a next step, Naandi is entering into a partnership with Global Alliance for Improved Nutrition (GAIN), a Swiss NGO that is focused on iron, vitamin, micro nutrient supplementation/fortification globally to combat malnourishment. With this partnership Naandi will further add value to the

midday meal program by fortifying food grains used for the preparation of the meals. In some cases innovative supplements like fortified biscuits are also being planned using the 4P model.

## **T**he 50 paise Miracle : The schoolchild healthcare plan

Working with government school going children has been an educative process for Naandi in designing a comprehensive set of interventions and services that guarantee children their basic rights. Our learning has been that many children that come to government schools are in dire need for health and medical care support. That very often it is ill health that hinders a child's growth and ability to learn. The attempt to address this led Naandi to innovate a template for a comprehensive schoolchild healthcare plan for government school going children to safeguard them from diseases, deficiencies and permanent handicaps.

Under the plan, all primary school students are provided with a comprehensive medical cover free of cost that encompasses promotive, preventive and curative healthcare services. Through extensive health screenings, individual health profiles (general health, dental, optometric, cardiac) are created and each child is

issued a health ID card with a unique number. The card entitles the child access to free out-patient and in-patient healthcare 24x7 as long as she remains enrolled at a government school. A toll free emergency telephone number makes this service available at all times especially during emergencies.

As a part of the programme, extra space in select nodal schools has been used for setting up out-patient clinics for students from in and around the schools to access during week days. These nodal schools are within a 4 km radius to enable access to all the neighbourhood school going children. The in-patient care is provided through a base hospital equipped with intensive care and other paediatric facilities in a child friendly environment that compares with the best in the private sector. For specialised healthcare requirements such as surgeries, cardiac care or AIDS care the programme has linkages with the best tertiary care hospitals.

Having completed successfully two years of the programme in Hyderabad, the schoolchild healthcare template is now ready for replication anywhere in the country. It has been launched in Udaipur, Rajasthan to cover over 40,000 children. At 50 paise per day per child this template appears to be the miracle panacea for all the ills preventing children from continuing their education.

## **A**ffirmative action for youth: completing the life cycle approach

To make the Child Rights portfolio a comprehensive, life improving one Naandi felt the next step to take after Ensuring Children Learn would be one that ensured capacity building and employability of adolescents and youth during high school and after.

Given the fact that in the higher grades the rate of drop outs is higher largely because young boys and girls start earning for their families early mostly through menial jobs, it is planned that attendance in school would be linked with a system of evening courses for vocational skill building to give high school students better employability preparedness by training them in a variety of skills such as computer literacy and so on. It is hoped that since only 'in school' children would be entitled to these courses free of cost, it would bring down the drop out rates in schools and ensure more children complete formal schooling.

But given that India's demographic bulge is on the side of the youth, the task of equipping them, especially after they complete high school, with market ready employable skills appears to be a task too wide and deep for any one organisation to tackle.

Therefore, as a first step, it is planned to provide employability training support (post high school) presently to those sections of youth that are the most disadvantaged namely the scheduled caste (SC) and scheduled tribe (ST) communities. This support Naandi hopes to provide by roping in companies from the private sector as investors for Livelihood Training Schools to champion a new wave of affirmative action that has been long overdue, to pave the way for being a more 'equal opportunities' society.

Modelled on the lines of conventional business schools, these institutions or training schools will have 'smart and dynamic' curriculum customised to meet the emerging employment opportunities in the region where the institution is located. The schools will also have mandatory courses on spoken English, basic computer literacy, personality development, communication skills and confidence building as part of mainstreaming these youth and helping them access sustainable livelihood options in the emerging markets.

As a beginning, Naandi could inspire Mahindra & Mahindra Ltd to entirely support the setting up of the first of such a Training School in Pune, Maharashtra. Christened Mahindra Pride School, this institution will commence its courses with the first batch of enrolled SC and ST students in March 2007.

After training, these students will be placed in jobs relating to infrastructure, marketing, retail, hospitality and the ITeS sectors where the need for trained staff is immense. This has been proven by the recruitment offers Mahindra Pride School has already received for every one of the 600 students it will train in the first batch.

The setting up of the livelihood training schools in various regions in partnership with various proactive corporates as part of the sector's affirmative action plan for SC, ST youth is yet another example of a public private pluralistic partnership that Naandi champions, which completes the life cycle approach in Naandi's Child Rights portfolio that spans the life of a child right from her birth till she gets her first job.

## || Bridging the gap in Education

- # Focus on improving science, math and language proficiencies.
- # Working directly with 1.22.030 children in 1248 government schools ( including 100 Early Childhood Education Centres ) in low literacy, urban, rural and tribal areas across the country: Madhya Pradesh, Andhra Pradesh, Chhattisgarh, and Maharashtra in partnership with the government.
- # 1542 teachers trained in innovative classroom transaction techniques.
- # 100 per cent enrolment of children from Naandi-run Early Childhood Education Centres to government schools.
- # Involving civil society to increase the accountability of schools for their performance.
- # 338 open blackboards functioning in communities - the first in the country to bring information on school performance out to the public domain for local debate.



Photo: Rajendra Shaw

### Ensuring Children Learn

Improving quality of education in government schools by working with children, communities, teachers and officials to ensure children acquire grade specific learning competencies.

Ensuring Children Learn

From the

# Community

We can go to the fields in peace now as we are able to leave the toddlers at the pre school centre. My older daughter is the happiest because she can attend her classes at school. She doesn't need to stay back and look after her younger brother anymore.

**Rama Rao**

Parent, Madala village, Araku Valley, Visakhapatnam district, Andhra Pradesh (AP)

Photo: Rajendra Shaw



Photo: Rajendra Shaw



Photo: Rajendra Shaw

I didn't think Anita was learning much and I was planning to take her out of school. But once the special learning sessions began I could see the difference. Anita can read well now and she's also passed her V Std final exams. You've completely changed things here. I'm taking a vow that I'll continue to support her studies and keep sending her to school.

**Raghuveer Bairwa**

Parent of Anita, Government Primary School, Karnyakhedi, Sheopur district, Madhya Pradesh (MP)

By encouraging the youth of our community to become *Bal Mitras* (friends of children) and training them to teach children you've made a lot of difference. Children are very comfortable in the classes and are learning a lot through poems, songs and different games. The programme has helped them improve their creative and social skills. I'm sure there will definitely be an improvement in their education.

**Brajesh Kumar Gupta**

Teacher, Government Primary School Shripura, Karahal, Sheopur district, MP

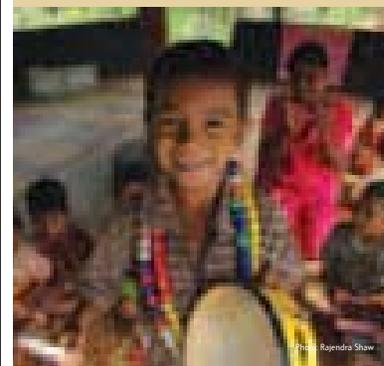


Photo: Rajendra Shaw



Photo: Rajendra Shaw



Photo courtesy: Bayer CropScience / Proagro



Photo: Rajendra Show

From our

## Partners

The Foundation is proud to support the good work of Naandi Foundation in its quest to improve the quality of education for the children of India. Naandi's focus on initiatives designed to improve the outcomes for children align with MSDF's focus on supporting programmes and initiatives that result in measurable and sustainable improvements in assessing progress, enhancing curriculum and expanding the reach of successful outcomes.

**Barun Mohanty**  
Director - India, Michael and Susan Dell Foundation

Naandi, having proven itself in Andhra Pradesh was venturing in Chhattisgarh with its five-year education plan. Coincidentally, we at REACH India were looking for partners who could provide educational interventions in the region and sustain the process in the long-term, even beyond the REACH India project scope. We realised our respective competencies - REACH India providing the initial financial and technical support and Naandi bringing in its implementation expertise - could be complemented. It's been a year and so far the combination has proved to be a success!

**Anjali Kushwaha**  
Training and Institutional Development Specialist, REACH India

Earlier children were afraid of coming to school but after Naandi started joyful learning centres for academic support there has been a sudden rush of children to school. We are very thankful for your support.

**S R Srinivas**  
Headmaster, Government Primary School, Anidha, Vijaypur Block, Sheopur district, Madhya Pradesh

## Ensuring Children Learn

Naandi is working towards building a constructive society. A systematic and value based education to the needy and underprivileged will go a long way in helping them become socially responsible citizens of the country. Together with Naandi we will surely bring children who are out of school, back again.

**M C Ramgopal**  
Mandal Education Officer, Gattu Mandal, Mahabubnagar district, Andhra Pradesh (AP)

We need to adopt Naandi's strategy in bringing quality in education across all districts in our states.

**Dr M Sudhish**  
Assistant Director, Rajiv Gandhi Siksha Mission, Chhattisgarh

The programme is excellent especially for girl children education. Naandi is universalising Education through Civil Society Partnerships. The children, teachers and communities are greatly benefiting from the intervention of Naandi.

**Geeta More Patil**  
Project Coordinator, Education Department, Brihanmumbai Municipal Cooperation, Mumbai, Maharashtra

I would like to place on record my deep sense of gratitude and appreciation for the efforts made by Naandi Foundation in enabling to achieve the objectives set forth by the Government for providing Universal Elementary Education in Andhra Pradesh. Naandi has shown the lead in public-private partnership through its "Ensuring Children Learn", "School Child Healthcare Plan", Midday Meal Programme" and so on.

**K Chandramouli, IAS**  
State Project Director, Sarva Shiksha Abhiyan & CEO, State Literacy Mission

**Our other key partners in this programme** are Sir Ratan Tata Trust (SRTT), SIDA, Proagro Seeds (A company of Bayer CropScience), Indian Council for Child Welfare (ICCW), Room to Read, The World Bank Group, and UNICEF.



Photo: Rajendra Show

## Reversing Gender based obstacles to learning

- # The Nanhi Kali project supporting over 28,000 underprivileged girl children through individual, corporate and institutional sponsorships.
- # In less than 2 years 25,000 Nanhi Kalis supported after Naandi and KC Mahindra Education Trust joined hands.
- # Girls from Std I-X, going to school without fear of economic and social constraints that force them to drop out.
- # Increase in girl student enrolment in low literacy areas in Madhya Pradesh, Chhattisgarh, and tribal Andhra Pradesh.
- # Encouraging pledges by communities as a part of social sensitisation to support education of daughters.
- # Rewarding supportive parents in community forums - creating positive peer pressure to keep girls in schools.



Photo: Rajendra Shaw

### Supporting the Girl Child

Project Nanhi Kali (little girl) jointly managed by KC Mahindra Education Trust and Naandi Foundation.

Identifying marginalised and needy girl children and providing them with academic, social and material inputs to ensure they complete at least 10 years of quality formal schooling.

Supporting the Girl Child

From the

Community

My parents think I'm special now. My father used to say that I should work at home and leave studies to my brother. But since you've come to our schools and given us books and uniforms and started calling us Nanhi Kalis, we feel special. I'm trying to do my best at class and whenever I recite poems and read out stories to my parents they smile and say "good, make us proud".

**Ramkatha**

A Nanhi Kali, Std IV, Government Primary School, Karnyakhedli, Sheopur district, Madhya Pradesh

I couldn't afford to send my older daughters to school. But now thanks to your help we are at least able to send our youngest to school. She has big dreams now. She wants to be a doctor.

**Sundaramma**

Mother of Y Divya, a Nanhi Kali, Std V, Mandal Parishad Elementary School, Hukumpeta, Visakhapatnam district, Andhra Pradesh (AP)

The special classes that you conduct are making the children feel that their doubts and problems are being individually taken care of. I am very happy with the change in my child.

**Lakshmi**

Mother of Rajani, Std V, Mandal Parishad Upper Primary School, Dumbiriguda, Visakhapatnam district, AP



From our

Partners

Partnering with a visionary not-for-profit organisation like Naandi Foundation in the Nanhi Kali Project, has given KCMET the advantage of not only qualitative improvements in our project, but also a greater bandwidth, which will enable us to reach our shared goal of supporting the education of 100,000 disadvantaged girls in India by 2008.

**Sheetal Mehta**

Executive Director, KC Mahindra Education Trust

We are very pleased to support project Nanhi Kali because it addresses the basic issue of 'health and education' of underprivileged girl children. The focus of this project aligns very well with one of the principles of our credo: which is our commitment of responsibility to the communities in which we live and work, and to the world community as well. The implementation of this project is done in a very professional way with passion and commitment. When J&J employees see the smiling faces of little girls, it makes us very happy and proud!

**Ram Vaidya**

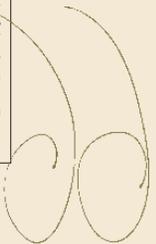
Regional Product Development Director, Johnson & Johnson India, Mumbai, Maharashtra

What struck us most about the Nanhi Kali project and Naandi was their belief that in order to get a meaningful education, children need different kinds of learning experiences other than what the school system presently provides. We appreciate their efforts in attempting to bridge this gap. We also believe that 'the greatest good you can do for another is not just share your riches, but reveal to them their own.

**Anita Jani**

Human Resources and Administration Manager, Firmenich Aromatics (India) Pvt Ltd, Mumbai, Maharashtra

Some of our other key sponsors are Aditya Auto Products Ltd, Bank of America, Barclays Bank PLC, Lanar Realtors, Tata Chemicals Ltd, Asha for Education, Mitr Foundation, Mahindra and Mahindra Ltd, Government of Rajasthan, HDFC Bank, Hindustan Petroleum Corporation Ltd, Hongkong and Shanghai Banking Corporation (HSBC), Housing Development Finance Corporation Ltd (HDFC), J M Morgan Stanley Foundation, Mahalaxmi Mandir Charitable Trust, Mahindra & Mahindra Financial Services Ltd (MMFSL), Mahindra Holidays and Resorts India Ltd, Mankind Pharma Ltd, Mata Securities Ltd, MK Tata Trust, N R B Bearings Ltd, Sir Ness Wadia Foundation, E Bay, Bombay Store, ICICI Securities, Star TV, GMRV Foundation, Premier Opticals Pvt Ltd, Tata Coffee Ltd, Lawrence & Mayo Opticals and Lawrence & Mayo India Ltd, CII - Young Indians, Employees of Microsoft (India) Development Center, Intelligroup Asia Private Ltd, Genpac, Infosys Technologies Ltd, ABN-AMRO, Sierra Atlantic Software Services Ltd, KPMG, Franklin Templeton Asset Management (India) Pvt Ltd, Dr Reddy's Laboratories Ltd, Co Options Technologies Ltd, Four Soft Ltd, VSNL, Alliance Consulting, BHEL, Goldman Sachs, ITW India Ltd, State Bank of India (SBI), SPG MEDIA Pvt Ltd, POLARIS Software Lab Ltd, ADP Pvt Ltd, Oracle India Pvt Ltd, Kotak Bank, Students of Indian School of Business... and thousands of individuals.



## What makes the Midday Meal Wholesome?

- # Over 100,000,000 hot meals served and counting. Feeding 500,000 children everyday.
- # Providing more than 450 calories and 12 gms protein as stipulated by the Supreme Court. Central Kitchens running in Rajasthan, Madhya Pradesh and Andhra Pradesh.
- # Kitchens set up on government land. Infrastructure costs raised by Naandi through corporate donations and government debts.
- # Probably the largest Midday Meal kitchen in the world in Hyderabad. One of the largest *roti* making machines in the country in Udaipur.
- # Projections: will be feeding 1 million children by end 2007.
- # Going to such rural and tribal areas of Rajasthan and Madhya Pradesh, which have high prevalence of malnourishment among children.
- # Midday Meal kitchens adding value to cities. Evening supper for the poorest of the poor. A full meal for Rs 4. No one sleeps hungry in Udaipur, Bhilwara and Jhalawar.



Photo: Rajendra Shaw

### Fighting Hunger in Schools: The Midday Meal

Ensuring large populations of underprivileged children get high quality, hygienically prepared midday meals, everyday without fail by partnering with the government to help implement the world's largest school nutrition programme in urban, rural and tribal areas.



Photo: Rajendra Shaw

## From the Community

Ever since Naandi Foundation started delivering midday meals the number of children attending the Madarsa has significantly gone up. The food is nutritious and hygienic. Parents are also happy as their children not only get a fruit but the menu too keeps changing.

**Khusnoor Bano**

Teacher, Madarsa, Hazrath Jalaalshah Baba, Farooque Azam Nagar, Udaipur, Rajasthan

Our school strength has increased because of the daily noon meals. Parents too are showing a lot of interest in keeping their children in school. That there is a good menu everyday and the food is tasty also makes the children look forward to the meal.

**Sunil Kumar**

Headmaster, Government Primary School, Indira Nagar, Hyderabad, Andhra Pradesh (AP)

Children are getting good quality food everyday. We are also very satisfied with the way the kitchen operates and the way it is cleaned and maintained everyday.

**Sasi Kala**

Headmistress, New MC Elementary School, Allipuram, Visakhapatnam, AP

We organised a visit for the children to the midday meal kitchen. They saw every step involved in preparing the meal for them. When I asked them if they were satisfied with the kitchen they said that they loved the food, and wouldn't eat from anywhere else as it was very tasty.

**Sneh Lata Jain**

Headmistress, Government Primary School, No. 61, Baraawayi, Indore, Madhya Pradesh

## Fighting Hunger in Schools: The Midday Meal

From our

## Partners

The centralised kitchen of Naandi at Udaipur has significantly helped in checking pilferage and ensuring continuity in the distribution of midday meals. It has also reduced the workload on teachers and has made a large number of classrooms free from being used for cooking the noon meal. With more such kitchens coming up in the district, implementation of the midday meal programme will reach new heights and is likely to become a model for others to follow.

**Shikhar Agrawal, IAS**

Collector and District Magistrate, Udaipur, Rajasthan

I was a partner witness to the commendable professional operations of the Foundation in setting up the largest midday meal kitchen in Hyderabad. I commend it on its flawless operation.

**Dr Manmohan Singh, IAS**

Former Director School Education (2000-2004), Hyderabad, Andhra Pradesh (AP), currently Vice Chancellor, Sri Venkateswara Veterinary University, Tirupati, AP

Hindustan Zinc has long felt a profound commitment to the development of Rajasthan, the state that provides the very basis of our business. Nothing can be more imperative than to nurture the future of the state and, as such, we are committed to Rajasthan's Midday Meal Scheme for young children in schools. To realise the vision of our corporate social responsibility initiatives, Hindustan Zinc looked for an equally committed social service partner, we found it in Naandi Foundation. Together, we will continue to serve the state by providing midday meals to about 2,00,000 children and by setting up several central kitchens.

**MS Mehta**

CEO, Hindustan Zinc Limited, India  
Contributed the capital expenditure for kitchens in Rajasthan

**Our other key partners in this programme are** Hindustan Petroleum Corporation Limited (HPCL), Rajasthan State Mines and Minerals (RSM), Union Bank of India, Bakthe Sriram Nivas Dharm Trust, Mewar Chamber Development Ltd, P B Exim Pvt Ltd, Siva Balaji Stone Suppliers, Stone Onnet (I) Pvt Ltd, Aditya Cements, UMDS Pvt Ltd, Singhal Foundation, DCM Sriram Consolidated Ltd, Mahindra & Mahindra Ltd and Ratan Lal Kanwar Lal Patni Charities.



Photo: Rajendra Shaw



Photo: Rajendra Shaw



Photo: Rajendra Shaw



Photo: Rajendra Shaw



Photo: Rajendra Shaw

## 24/7 Healthcare for Children Who need it the most

- # Treating common cold to cancer - complete healthcare for the student at zero cost to families.
- # The only programme of its kind in the country for underprivileged children.
- # Out-patient clinics at schools making consultations more accessible.
- # Toll free emergency number for 24/7 accessibility.
- # Covering 1.05.000 students in Hyderabad and Udaipur.
- # Detailed health and disease profiling of every child through health screening camps.
- # Unique photo ID cards for students for instant database access and prevention of misuse.
- # 400 students diagnosed everyday in Hyderabad.
- # Operating successfully only @ 50 paise per child per day.



Photo: Rajendra Shaw

### The 50 paise Miracle: Schoolchild Healthcare Plan

To enhance attendance, retention and learning in government schools by providing promotive, preventive and curative healthcare services to children so diseases and deficiencies are regularly diagnosed, treated and cured preventing risks of permanent disabilities, handicaps and even death.

## Schoolchild Healthcare Plan

From the

# Community



Photo: Rajendra Shaw

Amer after the surgery on his club feet

I can play football with my friends now. Before my surgery I couldn't even walk to my school.

**Amer**  
Orthopaedic surgery patient. 12yrs, Std V, Government Primary School (GPS), Bibi Ka Chashma, Hyderabad, Andhra Pradesh (AP)

Without Naandi we'd never have been able to afford Swathi's operation, and she would still be struggling to overcome even the smallest exertion. But now she is able to be a child again - do everything from running with her friends, attend school regularly to eating whatever she wishes.

**Kanakhaiya**  
Father of Swathi. 12 yrs, Cardiac surgery patient, Std V, GPS Sultan Shahi, Hyderabad, AP

What people appreciate about the school health programme is that it shows immediate visible results, and for us what is amazing is the way the parents are showing an interest to send their children to schools nowadays.

**Manzar Ibrahim**  
Headmaster, Government Girls Upper Primary School, Mustaidpura, Hyderabad, AP



Photo: Rajendra Shaw



Photo: Rajendra Shaw



Photo: Rajendra Shaw

From our

# Project Partners

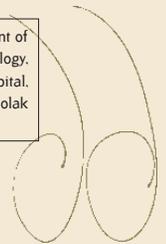
We have designed this programme for the most deserving citizen of our country - the underprivileged school going child. It is the most responsive and comprehensive healthcare programme in the country, and at 50 paise per child per day its ability to combine cost effectiveness with quality care makes it possible for any state government to replicate it in their areas.

**Dr Padmanabha Reddy**  
CEO, NICE Foundation, Hyderabad, Andhra Pradesh (AP)

Since most of the cardiac cases we see are ones which don't have noticeable symptoms, for many of these children, the heart screening at the Naandi health camp was the only way that they even knew they had a problem.

**Dr Nageshwara Rao Koneti**  
Paediatric Cardiologist, CARE Hospital, Hyderabad, AP

**Our other key partners in this programme are** Government of Andhra Pradesh, Government of Rajasthan, Asian Institute of Gastroenterology, LV Prasad Eye Institute, Dr Ramaiyya's Urology, Nephrology Services, FMS Dental Hospital, Mahavir Hospital, Pacific Dental College and Hospital, Alakh Nayan Mandir, Narayan Sewa Sansthan, Apollo Hospitals (Ahmedabad), Wellspring Amolak Diagnostic Centre, Sterling Hospitals (Ahmedabad).



# Safe Drinking Water

*The Community Safe Drinking Water System*

{ Guaranteeing affordable, pathogen - free,  
safe drinking water to rural communities }



## Strategy Note

# Safe Drinking Water The Blue Revolution

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"...A recent survey of national opinion revealed that when asked what would make respondents proud of India, a staggering 73 per cent said that availability of safe drinking water to all our people would truly make them proud of being an Indian..."

Excerpted from the speech of Dr Manmohan Singh, Prime Minister of India, at the Conference of Ministers in-charge of Rural Drinking Water Supply and Sanitation, January 2006

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**D**espite 60 years of independence why is a basic supply of safe drinking water for all still a distant dream? Why is it that India forges ahead in space research but lags dismally in delivering potable water especially in rural areas to its people? Why is it that even regions self-sufficient in water sources cannot solve the problem of potability? What happened to the millions of rupees spent by the government in creating large water tanks and treatment plants? Uncomfortable questions, but essential if we are to arrive at a solution.

Led by the concerns underlying these questions Naandi was on the look out for a solution to purify contaminated water in villages to make it pathogen-free and safe for drinking. The solution came in the form of a unique

partnership, one part of which was a US based organisation, WaterHealth International (WHI), who brought into India for the first time, a cutting edge UV based technology - UVWaterworks™. This technology, originally developed at the Lawrence Berkeley National Laboratory by a well-known Indian physicist Dr Ashok Gadgil, is one of the most advanced, low maintenance technologies, which has proven to be eminently suitable for Indian rural conditions. And the other and more critical part of the partnership was the community, those families who have been living in resignation with the risks of drinking and using contaminated water everyday, who gave Naandi insights that helped create the Community Safe Drinking Water System (CSWS) for bringing safe drinking water to villages.

In the designing of the CSWS we realised privatisation of water supply was not the solution just as centralised water supply could never be. Village level local governments and rural communities were of the opinion that a sustainable solution to their drinking water problem lay only in a decentralised village model. All they wanted was a suitable technology, facilitation of its transfer to the villages, affordability of using the technology so that everyone could drink and use safe water equitably, and a guarantee that the technology will sustain.

The test for suitable technology was very simple. Villagers wanted to see crystal clear, safe drinking water emerge from the treatment process. They were convinced by third party laboratory tests that proved that pathogens and dissolved solids present in the untreated water disappeared after the water was treated through the CSWS, without leaving any adverse difference in the taste.

For the Safe Drinking Water System to come to villages, the village panchayats decided to play the role of community partners. They agreed to contribute at least 20 per cent towards the cost of setting up the purification plant, earmark a common drinking water source to draw water from, and allot land where WHI would set up the CSWS using their patented UVWaterworks™ technology.

This water purification plant aesthetically and cost effectively designed produces

safe drinking water that serves the need of entire villages and often of their neighbouring communities. Today, for most villages these CSWS symbolise their move towards progress, towards playing a more proactive role that is ensuring better health for their households. Further community involvement is created when WHI, who takes upon them the responsibility of managing the CSWS, employs youth from the community itself and trains them to become plant operators.

## **N**aandi plays the role of a social catalyst

There are three crucial functions that Naandi plays to make the model work in a sustainable manner. **First**, we bring to villages whose water sources have above acceptable levels of pathogen contamination, the CSWS concept. We prove to them the risks of continuing to use water from their present untreated water source, and convince the community about the need for a community-owned solution for their water potability problem. Transforming mindsets of the communities both in terms of them accepting that the water they drink is unsafe, and that the CSWS model is well suited for their needs is the first non-negotiable preparatory phase.

The **second** step is to serve as a bridge between UVWaterworks™ the US based technology and the underserved communities / customers in villages. Naandi's record of successful, sustainable

community driven initiatives in other social sectors such as irrigation, education and healthcare with rural populations have gone a long way in lending communities the assurance that a solution backed and supported by Naandi in the years to come, will make a difference to their lives, and therefore smoothens the introduction of the technology into villages.

And **third**, is to play a pivotal role in engineering a revenue model for the CSWS to sustain. While 20 per cent of the capital cost for setting up a CSWS is raised by Naandi from the village either through contributions of an elected representative, or from personal contributions of villagers, or philanthropists ( including NRIs ), the rest is raised through an innovative long-term debt given by Indian commercial banks to WaterHealth International ( the debt arrangement extended by the commercial banks is partly underwritten by the Gates Foundation through their grantee Acumen Fund, a US based charity ). This is repaid through affordable community user fees, which is collected as water purification cess on a daily basis.

To lead the much required Behaviour Change in terms of - encouraging

communities to drink safe water, accessing this water through payment of a nominal user fee, linking the consumption of this water through promoting healthier lifestyles, and encouraging the adoption of better sanitation and hygienic practices - is attempted through active community interface of the Safe Water Promoter, the field-based crusader from Naandi.

This collaboration amongst a village, a global technology provider and a social engineering organisation has begun to respond to the safe drinking water needs of underserved communities faster, more effectively and efficiently than any previous attempts in independent India. It is spreading like a revolution, a Blue Revolution, whose success is proven by the fact that within one year, the Community Safe Drinking Water Systems have been replicated in 25 villages and work is in progress in an 50 additional. This apart, 300 more villages are in the pipeline to adopt this community based solution that will ensure equitable and affordable water for all in the villages.

By this trend, what started last year as a mission to provide safe drinking water to every Indian village by 2020 AD seems well on its way to becoming a reality sooner than planned.



Photo: Rajendra Shaw

## || The Community Safe Drinking Water System

- # Making Safe Drinking Water a reality for Rural India.
- # Transferring a cutting edge patented technology - UVWaterworks™ - developed at Lawrence Berkeley National Laboratory USA - to suit Indian conditions.
- # Creating an equitable and affordable safe drinking water solution through a Tripartite Partnership - involving the village governing body, technology providers WaterHealth International, USA and Naandi.
- # Success of the CSWS model in high pathogen contamination areas of Krishna district in Andhra Pradesh prove replicability of the project that provides safe drinking water to all very affordably.
- # On course to upscale to 100 Community Safe Water Systems, nearly 5,00,000 beneficiaries by March '07.



Photo: Rajendra Shaw

### Safe Drinking Water: The Community Safe Drinking Water System

Launching the Blue Revolution to bring safe drinking water to India's villages

From the

# Community



Being a pastor, I keep in constant touch with families and I know that diarrhoea and stomach ailments were a common problem here. They used to get their drinking water from village wells. But after the safe drinking water plant came up here people aren't falling ill that frequently. It's been a boon to the people and one that even the poorest of families can afford.

**G Yohannan**  
Church Pastor, Gollagudem habitation, Bomminampadu, Krishna district, Andhra Pradesh (AP)

Safe Drinking Water

From our

# Project Partners

WaterHealth India is driven by the shared vision of Dr K Anji Reddy and WaterHealth International to make "potable water a reality for all Indians by the year 2020." Our breakthrough technology platform enables sustainable delivery of water supplies to villages once thought too impractical or remote to reach at prices that even the poorest of poor can afford. WaterHealth and Naandi together are setting the stage for revolutionising the reach of safe water across the country in what we believe is India's next big revolution - "The Blue Revolution".

**Sudesh Menon**  
CEO, WaterHealth India



Photo: Rajendra Shaw

Photo: Rajendra Shaw

Photo: Rajendra Shaw



Photo: Rajendra Shaw

Photo: Rajendra Shaw

Photo: Rajendra Shaw

Photo: Rajendra Shaw

Bomminampadu village.

Ninety per cent of the people in my village suffer from gastroenteritis and amoebic dysentery because we don't have a safe source of water. So when I heard about the safe drinking water project in the village I spoke with my children who are abroad and we agreed to donate to it so our village can have its own safe drinking water plant. I'm waiting for it to be up and running.

**Muddala Venkateswarulu**  
Palaparru village, Guntur district, AP  
Donated Rs 1.1 lakh toward setting up the plant

The water supplied through Rural Water System (RWS) in my village was not good since the filters were not functioning properly. When I heard about this new project, I didn't think twice and started taking water from the Bomminampadu plant. I am using that water for more than 8 months now. I am able to feel the difference. From June onwards my village too will have a safe water plant. This project is like a saviour for all of us.

**Venkateswara Rao**  
Korukollu village, Krishna district, AP

First, I tasted the water from the plant, then I began using it myself and now I'm ensuring that a similar plant is set up in my village too. There are more than 10,000 families here. being able to assure them safe drinking water within my term of office is one of the best things I could do for the village.

**Raja Babu**  
Sarpanch, Korukollu village, Krishna district, AP



# The Power of 10™

*Social Equity through  
Corporate Social Responsibility*

{ Creating platforms for individuals and corporates to give back to society - not just money but time, skills and support that help to change lives. }



# The Power of 10<sup>TM</sup>

Why must the responsibility of tackling poverty and disease only be left to a handful of people? Why should the best minds across the globe be engaged only to win cola wars and TV channel ratings? Are good intentions enough to impact lives of the underprivileged, or can you and I do more?

Changing lives of underserved populations has long been perceived as the 'State's' mandate and no one else's. The public servant was the one responsible and the private citizen usually went her way, even though she wished she could 'do something' but rarely knew how. This inability to include and engage the talents and skills of private citizens - in villages, towns or cities - to participate in, and support social sector efforts consistently, has perhaps been one of the reasons why development initiatives in the country haven't created the change they should have.

With liberalisation becoming inevitable in the new world order, governments are getting downsized and thereby looking for private sector partners to share the responsibilities of nation building. What is emerging as the prescription for sustainable social change are partnerships: public private pluralistic partnerships where state, civil society institutions and private citizens jointly pool in their strengths to cancel out weakness and play the role of Atlas shouldering the responsibility of taking the nation ahead.

The 2001 census says 1 out of 4 Indians live below the poverty line. While this is an indictment of the country's human development index, it is also the formula to improve it. It tells us that for every poor person in this country there are three others who can help. The leveraging of this help by encouraging social equity partnerships with private

citizens and making it work for people that need it the most has been one of the foremost endeavours of Naandi. Building bridges between a willing civil society volunteer and a cause that needs support is Naandi's vision of catalysing successful social equity partnerships for change.

The ability to ignite the spark of giving back to society, to channelise the passion in citizens to improve the lives of their less privileged countrymen finds reflection in Naandi's logo, its credo and its programmes.

"You can change lives" is an invitation Naandi extends to anyone it comes across - be they students, factory workers, CEOs, executives, or youth in a village because irrespective of designations and positions, Naandi through its unique Power of 10<sup>TM</sup> platform creates opportunities for people from all walks of life to do their bit for society.

A contribution of just Rs 10 every month, or 10 minutes of service, when pooled together does change lives. Championed by the employees of Dr Reddy's Laboratories, who continue to be the largest body of supporters till date, this has been proven many times over with volunteers from various fields and organisations making a difference between a child staying in school and dropping out, ensuring the hungry get a

meal, supporting healthcare for an HIV+ child, giving a voice to illiterate parents by demanding quality education in schools, the examples can be found in equal measure in both the urban and the rural India programmes we work for.

Naandi does, and will continue to inspire every citizen to make time for the less privileged, and to make this happen it has a dedicated Civil Society Cell that serves to connect volunteers with underserved communities, pretty much like the aerobridge function in modern airports.

In this task the Civil Society Cell focuses on tapping the energies of two sets of populations. The urban organised sector employees and the rural and tribal unemployed and underemployed youth. In the case of the former, given limitations of time and their mobility, volunteerism is restricted to Naandi's urban Child Rights programmes. This includes opportunities to contribute towards better pedagogical tools for teaching in government schools, improving school environment, discovering and developing latent talent in children as well as helping weak and low performers with educational inputs.

For the second category, Naandi co-opts community youth to voluntarily contribute time towards community

based development programmes that are as varied as running lift irrigation schemes, providing safe drinking water, and managing early childhood education centers. In most cases, this not only prevents youth from diverting their underutilised energies towards wasteful or anti-social activities but also makes them more employable. Often, many of these volunteers find gainful employment within a year of volunteering with Naandi.

That Naandi has more than 1400 volunteers working for social development programmes, in different capacities vindicates the belief that India's civil society is willing and able to join hands in the country's fight against poverty.

This ability to encourage giving back to society through the Power of 10™ across hundreds of citizens has seen companies seeking Naandi's support in institutionalising volunteerism as part of their work ethic. A case in point is Mahindra & Mahindra Limited, which created Employee Social Options (Esops they'd like to call it) and engaged Naandi to facilitate volunteering opportunities for their employees spread across the length and breadth of the country. This professional engagement of Naandi as a social investment partner by

Mahindra & Mahindra has resulted in the company and its employees being regarded by communities as more proactive and socially responsive because they have gone beyond cheque book charity to participative involvement in a cause.

Inspired by the Mahindra & Mahindra partnership, and the potential of the Power of 10™ Naandi is reaching out to other companies in the corporate sector for what could be the beginning of the 'outsourcing of Corporate Social Responsibility (CSR)' - an outsourcing model that actively encourages the company and its employees to be more involved with the cause and the communities they wish to support. The scope, of course, ranges from designing a CSR framework for a company to lending expertise in solving social sector problems that are close to the company's vision.

With the expanding civil society portfolio, with enhanced corporate sector investments in Naandi, and with an overwhelming number of partnership and volunteering requests being received offline and online every day, we are convinced that India is voting unequivocally for Public Private Pluralistic Partnerships that change lives because the Power of 10™ is an idea whose time has come.



This painting is by Ashish G More, Class VII, Worli Naka, Marathi School, Mumbai, for the 16<sup>th</sup> International Children's Painting Competition on environment.

This competition was organised by Naandi in Hyderabad and Mumbai with the support and sponsorship from BA Continuum and volunteers from Dr Reddy's Laboratories Ltd, Mahindra and Mahindra Ltd, HSBC, Oracle, Tata Chemicals Ltd and 3G.

## || Social Equity through Corporate Social Responsibility

- # Rs 10 can change lives. The Power of 10<sup>TM</sup>: Inspiring people ranging from bus conductors to CEOs to give back to society
- # 14,300 contributors so far and counting.
- # 50,000 underprivileged children in Hyderabad benefiting from the Power of 10<sup>TM</sup>.
- # Adopt a school: building bridges between people who've had quality education and underprivileged children who need it.
- # Converting government schools into 'our' schools by motivating corporate and civil society volunteers to become their guardians.
- # Participation of 1463 volunteers in urban, rural and tribal projects adding value to social development programmes.
- # Strategic partnerships with Mahindra & Mahindra Ltd, HDFC Bank, Dr Reddy's Laboratories Ltd, and other corporates encouraging a new wave of Corporate Social Responsibility across the country.



Photo: Rajendra Show

The Power of 10<sup>TM</sup>

Championing the rights of a child. Energising public opinion and action to make government schools perform better.



From our

# Partners

Providing educational opportunities for the underprivileged is an important area of focus of HDFC Bank's social initiatives. And our partnership with Naandi is not only enabling us to support the education of hundreds of children but also giving our employees opportunities for volunteering in government schools so that they can play an active role in giving back to society by Ensuring Children Learn.

**Mandeep Maitra**

Head – Human Resources, HDFC Bank, Mumbai, Maharashtra

The Mahindra Group, as a part of its CSR, is committed to support social interventions that transform lives of the socially and economically weaker communities. Towards this end, we have pledged 1% of our Profit After Tax every year. We've also created opportunities for our employees to volunteer their services for causes that need support through a platform called ESOPs-Employee Social Options. And to take forward both our CSR and ESOPs interventions, we could not have chosen a better implementation partner than Naandi, given the breadth of work they are doing in the social sector through numerous public private partnerships.

**Rajeev Dubey**

President HR & Corporate Services & Member of the Group Management Board, Mahindra & Mahindra Ltd, Mumbai, Maharashtra

We appreciate Naandi's efforts to improve literacy levels by encouraging corporates to adopt schools and support them. We've learnt many things through our interactions with Naandi on how to motivate children to learn and how to address critical issues to make our school better.

**Uma Devaguptapu**

Chief Human Resource Officer, ITW India Ltd, Hyderabad, Andhra Pradesh, (AP)

Alliance appreciates the excellent service put in by Naandi in the areas of education and health for the underprivileged school children. We are proud to be associated with this initiative and commit our continued support.

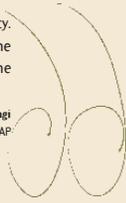
**Arvind Kuber**

Senior Consultant, Alliance Consulting, Hyderabad, AP

I am delighted that Naandi is doing stupendous work down terra firma, nailing down the plague of illiteracy. What was commendable was the depth of cognizance of ground realities in the primary school level that the team has. Truly, facilitating such endeavours does conjure up the infinite possibilities of enabling the underprivileged to obtain what is rightfully their fundamental constitutional right.

**Ravishankar Sadangi**

Vice President, HSBC, Secured Lending Sales, Hyderabad, AP



The Power of 10<sup>100</sup>

Our other

# Partners



- Adapttech Ltd
- Andhra Pradesh State Road Transport Corporation (APSRTC)
- Apollo Health Street Ltd
- BA Continuum Solutions Pvt Ltd
- Computer Associates India Pvt Ltd
- Dr Reddy Laboratories Ltd
- Firmenich Aromatics (India) Pvt Ltd
- Four Soft Ltd
- The Hong Kong Shanghai Banking Corporation Ltd, Mumbai
- Indian School of Business
- Microsoft Corporation (I) Pvt Ltd
- Microsoft India (R&D) Pvt Ltd
- Mitr Foundation
- Nagarjuna Fertilisers & Chemicals Ltd
- Portalplayer (India) Pvt Ltd
- Samyukta Foundation
- Sierra Atlantic Software Services Ltd
- SIS Software (India) Pvt Ltd
- St. Croix Systems India Pvt Ltd (I Vantage)
- Tata Chemicals Limited
- Visaka Industries Ltd
- Zensar Foundation
- ICICI Securities
- UTI Securities
- ...and hundreds of individuals



**Audited Financials**  
*2005-2006*



## Abridged Audited Financial Statements for the Financial Year 2005-06

### AUDITORS' REPORT

#### TO THE BOARD OF TRUSTEES OF NAANDI FOUNDATION

1. We have audited the attached Balance Sheet of Naandi Foundation as at 31 March 2006 and also the Income and Expenditure Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the management of Naandi Foundation. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that
  - (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (ii) In our opinion proper books of account as required by law have been kept by Naandi Foundation so far as it appears from our examination of those books:
  - (iii) The Balance Sheet and Income and Expenditure Account dealt with by this report are in agreement with the books of account; and
  - (iv) The Balance Sheet and Income and Expenditure Account dealt with by this report are prepared in accordance with the Technical Guide on Accounting and Auditing in Not-for-Profit Organisations issued by the Institute of Chartered Accountants of India.
4. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (i) in the case of the Balance Sheet, of the state of affairs of the Naandi Foundation as at 31 March 2006; and
  - (ii) in the case of the Income and Expenditure Account, of the excess of expenditure over income for the year ended on that date.

for BSR & Co.  
Chartered Accountants

**Zubin Shekary**  
Partner  
Membership No.: 48814

Hyderabad  
Date : 29 July 2006

### STATEMENT OF AFFAIRS AS AT 31<sup>ST</sup> MARCH 2006

	(Rs. in Million)	
	AS AT 31.03.2006	AS AT 31.03.2005
<b>LIABILITIES</b>		
Corpus Fund	20.01	18.01
Restricted Funds	29.43	18.00
Deferred Income	13.96	0.00
Loans	93.97	44.73
<b>TOTAL</b>	<b>157.37</b>	<b>80.74</b>
<b>ASSETS</b>		
<b>Fixed Assets</b>		
(incl. Infrastructure for Midday Meal Program Rs. 73.72 Million)	83.97	34.13
<b>Current Assets, Loans and Advances:</b>		
Inventories	2.04	1.27
Grants Receivable	17.91	10.46
Sundry Debtors	0.54	0.01
Cash and Bank Balances	33.82	16.38
Loans and Advances	6.74	1.50
<b>Less: Current Liabilities and Provisions</b>	<b>34.39</b>	<b>9.09</b>
<b>Excess of Expenditure over Income</b>	<b>46.74</b>	<b>26.08</b>
<b>TOTAL</b>	<b>157.37</b>	<b>80.74</b>

for BSR & Co.  
Chartered Accountants

**Zubin Shekary**  
Partner  
Membership No.: 48814

Hyderabad  
Date : 29 July 2006

Sd/-  
Dr. K Anji Reddy  
Chairman and Trustee

Sd/-  
Manoj Kumar  
Chief Executive Officer

Sd/-  
Dr. Isher Judge Ahluwalia  
Trustee

## INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2006

(Rs. in Million)

	Year Ended 31.03.2006	Year Ended 31.03.2005
<b>INCOME</b>		
Grants	148.99	130.62
Other Income	4.35	1.41
Interest income, gross	0.26	0.66
<b>TOTAL</b>	<b>153.60</b>	<b>132.69</b>
<b>EXPENDITURE</b>		
Cost of Sales	2.43	0.00
Programme Expenses	154.69	132.43
Personnel Costs	4.11	4.52
Administration and General Expenses	3.38	3.38
Tsunami Relief and Rehabilitation Expenses	0.00	0.43
Finance and Bank Charges	1.03	0.14
Depreciation	8.62	6.27
<b>TOTAL</b>	<b>174.26</b>	<b>147.17</b>
Excess of expenditure over income for the year	20.66	14.48
Write back of excess depreciation charged in prior years pursuant to change in depreciation method	0.00	(1.79)
Prior period items	0.00	0.58
Excess of expenditure over income brought forward	26.08	12.81
<b>Excess of Expenditure over Income carried to the Balance Sheet</b>	<b>46.74</b>	<b>26.08</b>

for **BSR & Co.**  
Chartered Accountants

**Zubin Shekary**  
Partner  
Membership No.: 48814

Hyderabad  
Date : 29 July 2006

Sd/-  
Dr. K Anji Reddy  
Chairman and Trustee

Sd/-  
Manoj Kumar  
Chief Executive Officer

Sd/-  
Dr. Isher Judge Ahluwalia  
Trustee

## RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2006

(Rs. in Million)

	Year Ended 31.03.2006	Year Ended 31.03.2005
Opening Cash and Bank Balance	16.38	12.26
<b>RECEIPTS</b>		
Corpus Fund	2.00	0.00
Grants	167.24	142.08
Other Receipts	53.06	15.83
Bank Interest	0.26	0.66
<b>TOTAL</b>	<b>222.56</b>	<b>158.57</b>
<b>PAYMENTS</b>		
Cost of purchase and conversion of inventory	3.20	1.27
Programme expenses	136.26	133.65
Personnel expenses	2.40	3.68
Administration expenses	3.32	3.00
Purchase of fixed assets	53.36	10.16
Advances and deposits	5.55	2.12
Tsunami relief and rehabilitation expenses	0.00	0.43
Finance and bank charges	1.03	0.14
<b>TOTAL</b>	<b>205.12</b>	<b>154.45</b>
Closing Cash and Bank Balance	33.82	16.38

## NOTES TO ACCOUNTS

(All amounts in Indian Rupees)

### 1 Background

Naandi Foundation ("Naandi" or "the Trust") is an autonomous public charitable trust registered under Indian Trust Act, 1882. It was incorporated in the year 1998 to enable public private partnership in the economic development of marginalised and under privileged communities of the society. Naandi is primarily engaged in providing charitable services in the areas of healthcare, education and livelihoods. Presently, Naandi is providing community development services in the states of Andhra Pradesh, Madhya Pradesh, Rajasthan, Chattisgarh and Karnataka.

### 2 Significant accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with the Technical Guide on Accounting and Auditing in Not-for-Profit Organisations issued by the Institute of Chartered Accountants of India (ICAI) to the extent applicable. The financial statements are prepared in Indian rupees, rounded off to the nearest rupee.

#### 2.2 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements and reported amounts of income and expenditure for the year. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

#### 2.3 Revenue recognition

Unrestricted grants are recognised as revenue when received. Revenue from restricted grants is recognised based on fulfillment of conditions as stipulated in the agreement with the donor. Consultancy fee is recognised as per the terms of contracts with the customers, when the related services are performed.

Income from interest on fixed deposits with banks is recognised on the time proportionate method.

Revenue from sale of items is recognised when significant risk and rewards in respect of ownership of items are transferred to customers.

Grants received to acquire or construct depreciable fixed assets are recognized as income over the period and deferred in proportions in which depreciation, on the asset concerned is charged.

(All amounts in Indian Rupees)

#### 2.4 Fixed assets and depreciation

Fixed assets are carried at cost of acquisition less accumulated depreciation. The cost of fixed assets includes taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets.

Fixed assets under construction and advances paid towards the acquisition of fixed assets and cost of assets not put to use before the year end are disclosed under capital work-in-progress.

Depreciation on fixed assets (except infrastructure facilities and leasehold improvements) is provided using the straight-line method based on the rates specified in Schedule XIV of The Companies Act, 1956. Depreciation is charged on a proportionate basis for assets purchased or sold during the year. Individual assets costing Rs. 5,000 or less are depreciated in full, in the year of purchase.

Infrastructure facilities acquired for specific projects are depreciated on a straight-line method over the estimated tenure of the project. Leasehold improvements are depreciated over the primary lease period.

#### 2.5 Foreign currency transactions

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the respective transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the income and expenditure account of the year, except that exchange differences related to the acquisition of imported fixed assets are adjusted in the carrying amount of the related fixed assets.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing rates of exchange rates on the date, resultant exchange differences (except those related to acquisition of fixed assets) are recognised in the income and expenditure account.

#### 2.6 Provisions and contingent liabilities

The Trust creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

#### 2.7 Corpus fund

Corpus fund represents contributions made by the trustees of the Trust towards the corpus of the Trust.

#### 2.8 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost of inventories comprises cost of purchase, cost of processing and other costs incurred in bringing the inventories to their present location and condition. Cost is determined using First in First out (FIFO) method.

(All amounts in Indian Rupees)

## 2.9 Retirement benefits

Liability on account of gratuity, which is a defined benefit scheme, is provided at the balance sheet date at half month's last drawn salary of each eligible employee for every completed year of service.

## 3 Prior period items, net

Particulars	31 March 2006	31 March 2005
Grants not accrued in previous year, net	-	(152,054)
Project and other general expenses not accrued in previous year	-	464,500
Gratuity liability not accrued for prior years	-	267,377
<b>TOTAL</b>	<b>-</b>	<b>579,823</b>

4 Restricted funds represent grants received in advance from donors. These funds would be released to income and expenditure account upon fulfillment of conditions stipulated in the agreements with the donors or would otherwise be refunded if unutilised.

## 5 Operating leases

The Trust leases project and office facilities under cancellable operating lease agreements. The trust intends to renew such leases in the normal course of business. Total rent expense included in programme expenses under cancellable operating lease is Rs.1,221.736 (previous year Rs.1,204.235).

## 6 Finance lease

The Trust acquired a vehicle under finance lease with underlying asset as security.

Minimum lease payments (MLPs) outstanding as on 31 March 2006 in respect of leased assets are as follows.

### Current year

Particulars	Total MLPs outstanding as on 31 March 2006	Interest not due	Present Value of MLP
Due with in one year	154,320	18,581	149,174
Due later than one year and not later than five years	231,480	11,165	206,880
Due later than five years	-	-	-
<b>TOTAL</b>	<b>385,800</b>	<b>29,746</b>	<b>356,054</b>

There were no assets taken on finance lease as on 31 March 2005

(All amounts in Indian Rupees)

## 7 Fair value of non monetary grants

Particulars	31 March 2006	31 March 2005
Rice and Wheat received free of cost from Government of Andhra Pradesh, Rajasthan and Madhya Pradesh for midday meal programme	21,056,415	13,494,391
Free office facilities leased to Naandi by a trustee	970,596	882,360
Land allotted free of cost by Government of Andhra Pradesh, Rajasthan and Madhya Pradesh	36,400,000	1,080,000
<b>Total</b>	<b>58,427,011</b>	<b>15,456,751</b>

In addition to the above, Naandi has the benefit of interest free loans from Government of Andhra Pradesh, Government of Madhya Pradesh, Government of Rajasthan and from a Trustee.

## 8 Contingent liabilities/commitments

Particulars	31 March 2006	31 March 2005
Estimated amount of contracts remaining to be executed on capital account and not provided for	2,725,622	1,277,843
Bank guarantee issued to Government authorities	41,500,000	27,500,000
<b>Total</b>	<b>44,225,622</b>	<b>28,777,843</b>

9 Previous year's figures have been re-grouped and reclassified wherever necessary, to conform to current year's classification.

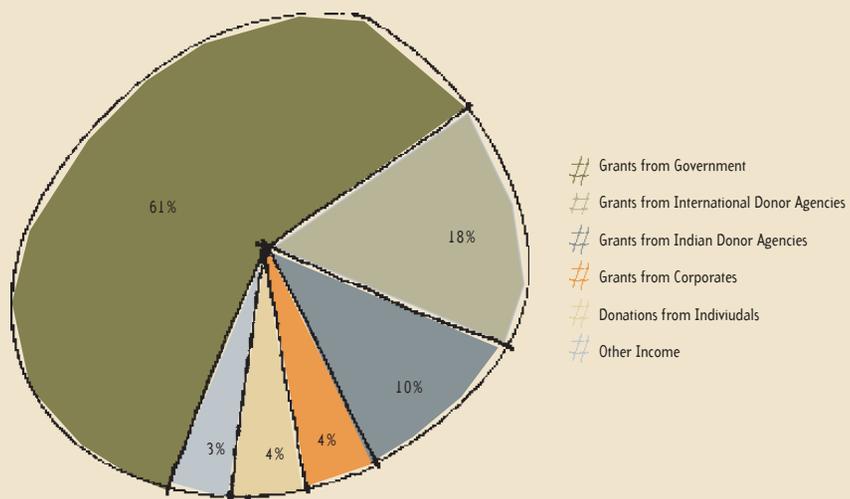
### for Naandi Foundation

Sd/-  
Dr. K. Anji Reddy  
Chairman and Trustee

Sd/-  
Dr. Isher Judge Ahluwalia  
Trustee

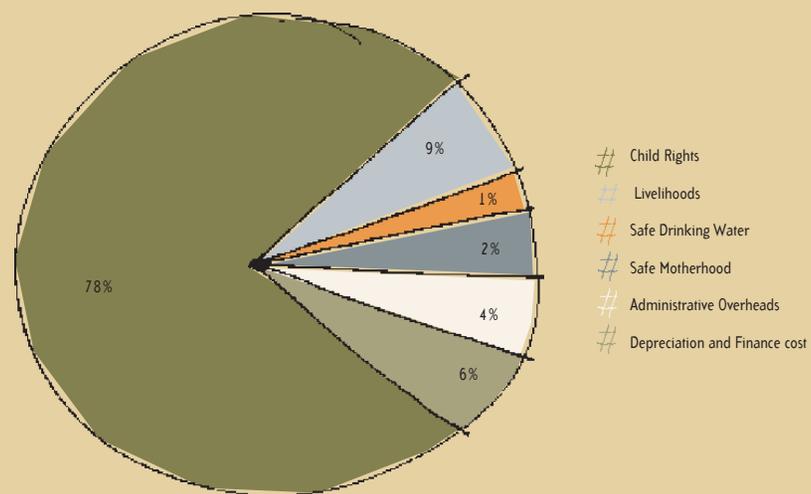
Sd/-  
Manoj Kumar  
Chief Executive Officer

## Income



Income	(Rs in Million)	(%)
Grants from Government	94.18	61%
Grants from International Donor Agencies	27.34	18%
Grants from Indian Donor Agencies	14.64	10%
Grants from Corporates	6.31	4%
Donations from Individuals	6.52	4%
Other Income	4.61	3%
<b>Total</b>	<b>153.60</b>	<b>100%</b>

## Expenditure



Expenditure	(Rs in Million)	(%)
Child Rights	135.47	78%
Livelihoods	15.45	9%
Safe Drinking Water	2.48	1%
Safe Motherhood	3.72	2%
Administrative Overheads	7.49	4%
Depreciation and Finance cost	9.65	6%
<b>Total</b>	<b>174.26</b>	<b>100.00%</b>

Naandi is presently @

**Andhra Pradesh**

NAANDI FOUNDATION  
2<sup>nd</sup> Floor, Imperial Plaza  
6-3-883, Panjagutta  
Hyderabad-500082  
Phone: 040-23415890/  
23415741

NAANDI FOUNDATION  
Flat Number 302,  
Topaz Building  
Somajiguda  
Hyderabad-500082  
Phone: 040-65696074

NAANDI FOUNDATION  
D.No.: 10/56, Geetha Maudiram  
Raitihupeta, Nandigama  
Krishna (Dist) - 521185  
Phone: 08678-279286  
09440807445

NAANDI FOUNDATION  
C/a P Rajendra Prasad  
Opp. APSRTC Bus Stand  
Bhadrachalam - 507111  
Khammam (Dist)  
Ph no 087443232101

NAANDI FOUNDATION  
Hno 13-135  
Ramnagar Colony  
Opp Police Quarters  
Nagarkurnool - 509209  
Mahabubnagar District

NAANDI FOUNDATION  
Sai Balaji Complex,  
2<sup>nd</sup> Floor, D00r No 39-9-2  
Behind Old, Svs Temple Street  
Bunder Road  
Vijayawada - 520 010  
Phone: 0866-2481124

NAANDI FOUNDATION  
H-no 76-92-19-1A  
Sampath Nagar  
Behind APSRTC Zonal Staff Trg Office  
Bellary Chowrasta  
Kurnool  
Phone: 9440807431

NAANDI FOUNDATION  
7/29-Sreenivas Colony  
Mahaboobnagar - 509001  
Phone: 08542-273325

NAANDI FOUNDATION  
Organic Coffee Project  
Hattaguda Villa, Chinnalabudu  
Araku Valley -531149  
Vishakapatnam  
Phone: 0893-6249261

NAANDI FOUNDATION  
Ondru Sombamurthy Building  
RTC Complex Road  
Opp Modamamba Lodge  
Paduru - 532024  
Ph No 08935251265

NAANDI FOUNDATION  
1-9-81, River Colony  
Near DSP Office,  
Near Shanti Building  
Gadwal - 509125  
Mahboobnagar  
Phone: 08546-272011

**Madhya Pradesh**

NAANDI FOUNDATION  
Above State Bank Of India  
Shivpuri Road Sheopur Kala  
Madhya Pradesh - 476337  
Phone: 07530-221832

**Chhattisgarh**

NAANDI FOUNDATION  
Premises No.5/4  
Street No 97  
Kebramunda Ward  
Brindaban Colony  
Jagdalpur - 494001  
Phone: 07782-237815  
Chhattisgarh

NAANDI FOUNDATION  
Behind Gurudwara  
Kanker 494334  
Chhattisgarh  
07868-224561

**Andamans**

NAANDI FOUNDATION  
Keralapuram PO  
Herial Bay  
Diglipur  
North Andaman - 744202  
03192-271353

**Nagaland**

NAANDI FOUNDATION  
Joint Director Of Women  
Development Department  
Bayavu, High School Road  
Kohima-797001  
Nagaland  
Phone: 0370-2260024

**Rajasthan**

NAANDI FOUNDATION  
7, Moiti Magn Scheme  
Near IIT Office  
Udaipur - 310001

**Maharashtra**

NAANDI FOUNDATION  
Cecil Court, 3<sup>rd</sup> Floor  
Near Regal Cinema  
Mahakavi Bhushan Marg  
Mumbai-400001  
Phone: 22021031

The difference between what we do and what we are capable of doing would suffice to solve most of the world's problem.

Mohandas Karamchand Gandhi

