

HDFC Parivartan SmartUp Grant Project

HDFC Bank CSR

Impact Assessment Report

January 2024

Report By

Social Lens

Executive Summary

The HDFC Parivartan SmartUp Grant has emerged as a transformative force in India's startup ecosystem, catalysing innovation and driving social impact. As a Corporate Social Responsibility (CSR) initiative of HDFC Bank, the program has played a pivotal role in supporting social impact startups across diverse thematic areas, including healthcare, agriculture, waste management, and livelihood creation. Through strategic partnerships with 27 incubators, the SmartUp Grants Program has nurtured 85 startups, enabling them to develop innovative solutions to address critical societal challenges.


The infusion of CSR funds into India's startup ecosystem has significantly advanced startups, fostering innovation and propelling social impact initiatives. The SmartUp Grant provides crucial financial support to incubators, enabling them to offer a nurturing environment for startups to thrive. This strategic alignment between CSR initiatives and startups creates a symbiotic relationship, amplifying the impact of social initiatives through innovative solutions generated by startups.


One of the key strengths of the SmartUp Grants Program is its sector-agnostic approach, targeting startups across diverse thematic areas. Unlike traditional investments that prioritise quick returns, the SmartUp Grant offers flexible and unrestricted funding, allowing startups to address specific challenges such as product development, team expansion, and research. This flexibility has been instrumental in helping startups navigate challenges and achieve significant milestones, especially during the pandemic.


In terms of incubator support, the SmartUp Grants Program enables a range of services, including mentorship, access to networks, funding, and hands-on guidance. Incubators focus on developing entrepreneurial skills, refining business models, and enhancing market visibility for startups' solutions. The program's emphasis on sustainability and social impact underscores its commitment to fostering holistic development within the startup ecosystem. The program's impact extends beyond startups, benefiting communities at large, particularly women and marginalised groups. Startups supported by the SmartUp Grant have developed solutions that address sectoral challenges, contributing to sustainable development, economic empowerment, and environmental conservation. The program's focus on empowering socio-economically disadvantaged groups and fostering environmental responsibility aligns with HDFC Bank CSR's broader commitment to driving social and economic development.


The impact assessment of the SmartUp Grants Program highlights its effectiveness in driving social impact and fostering innovation. Incubators provided comprehensive support, leading to impactful outcomes such as global patents, product development and strong partnerships. Startups utilised the grant to address immediate challenges, invest in long-term growth strategies, and achieve milestones such as product testing, prototyping, and market research.


Key impact findings from the study

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62% of the startups under the grant work in the domain of healthcare and given the rise of the med-tech industry, there is immense scope to support innovations in this domain and create multi-fold impact
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Analyzing the 16 sampled incubators revealed a direct alignment with HDFC Bank's CSR policy, showcasing a shared commitment to empowering socio-economically disadvantaged groups and positively impacting the environment.
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The HDFC Parivartan SmartUp Grant differs from other forms of funding in the following ways- 90% incubators appreciate its unrestricted and flexible funding, 80% value its balanced support across startup stages, and all respondents note its role in increasing visibility and avenues for financial sustainability.
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Grant usage among startups varies, with 47.06% focusing on product development and iteration, 17.65% on pilot testing and market expansion, 5.88% on operations and infrastructure, and 29.41% utilizing the grant for multi-faceted purposes including business operations and staff training.
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The HDFC Parivartan SmartUp Grant has led to significant impacts, including access to early-stage funding for product development and trials (32%), flexibility in addressing diverse needs (44%), and increased visibility in the industry through collaboration (32%).

The HDFC Parivartan SmartUp Grant has significantly impacted various sectors. In health, it has supported product testing, prototyping, and human trials, leading to patents and certifications. Agriculture startups have used the grant for research, scaling solutions, and networking. The grant has also facilitated skill development, team expansion, and government collaborations, fostering innovation and employment. In waste management, it has enhanced production capacity, testing, and supply chain management, fostering partnerships for environmental sustainability.

Subsequently, the grant had a cascading impact on the communities across these 4 sectors, namely, healthcare, agriculture, skill development and environmental sustainability. Across the healthcare sector, implementation of tech-enabled healthcare solutions has significantly improved access to innovative and quality healthcare in rural India, particularly in cancer screening, women's health, and diagnostic services. In the domain of environmental sustainability, implementing eco-friendly recycling methods for agricultural residue and food waste strengthens supply chains, empowers farmers, and addresses nutrition gaps through innovative agri-solutions and waste recycling. Across the domain of skill development, the startups have empowered women with technical skills in mobility, creating jobs, and offering sustainable livelihoods through vehicle ownership in economically underserved areas.

Looking ahead, the HDFC Parivartan SmartUp Grants Program remains a cornerstone of HDFC Bank's CSR initiatives, driving positive change and fostering sustainable development. Its success underscores the importance of CSR initiatives in creating a more inclusive and sustainable future for India's startup ecosystem. Through continued support and strategic partnerships, the SmartUp Grants Program will continue to empower startups, drive innovation, and create lasting social impact.

I. Introduction

Background

In the dynamic landscape of the Indian startup ecosystem, innovation has burgeoned across diverse sectors, including technology, e-commerce, healthcare, and fintech. The past decade witnessed an extraordinary surge, with startups multiplying by 154 times since 2016¹. On a global scale, India has emerged as a notable hub for startup incubation, attracting attention and recognition. The confluence of diverse challenges, a growing population, and the ramifications of climate change has positioned startups at the forefront of addressing these pressing issues. The transformative evolution of support mechanisms, notably incubators, has played a pivotal role in unlocking the innovative potential of entrepreneurs and steering positive change.²

Incubators, serving as structured catalysts, propel the development of startups by offering crucial resources, mentorship, funding avenues, and access to expert networks. This comprehensive support empowers businesses to navigate early-stage challenges, refine strategies, and scale efficiently. By 2021, India boasted over 700 incubators, receiving funding exceeding INR 2100 crores, with 70% sourced from the government and 12% from CSR grants³. Amidst the global challenges faced by the Global South, encompassing issues of human development, India grapples with disparities in income, infrastructure limitations, and barriers to economic growth. Responding to these challenges, a surge in social entrepreneurship has emerged as individuals strive to address these issues innovatively. Companies with a societal focus engage in a wide range of product and service innovations to address social problems and create positive impact. These innovations span various sectors and are designed to meet the specific needs of underserved or marginalised communities⁴. However, these social impact enterprises, combining business strategies with a mission for positive social or environmental impact, often lack the necessary support for scaling and sustainability. The fragmented nature of the social impact ecosystem, coupled with the absence of a robust network and mentorship system, creates gaps in support and growth opportunities for these organisations. These companies also often have difficulty in measuring accurately the social impact that they generate, which further shrinks funding opportunities⁵.

Recognising the essential role of funding in nurturing startups and innovations, the Indian government, post-2021, has significantly augmented its support for incubators. This shift is crucial, considering the pivotal functions incubators perform, such as providing startups vital resources, facilitating networking opportunities, offering mentorship and guidance, and supporting fundraising efforts. The surge in support for incubators is evident in the exponential growth of the Indian startup ecosystem, with over 20,000 startups as of 2023, experiencing a year-on-year growth of 10-12%. The strategic injection of funding into incubators has proven instrumental in propelling this growth. As India projects over 180,000 startups by 2030, with a total capital investment exceeding \$141 billion between 2014 and 2023, the transformative impact of funding incubators on the nation's startup landscape becomes increasingly apparent.⁵

¹ Department of Industrial Policy and Promotion, Government of India. (2016). *Startup India: Action Plan*. https://www.startupindia.gov.in/content/dam/invest-india/Templates/public/Action__Plan.pdf

² Mariwala, P., & Anandram, S. (n.d.). *STARTUP ECOSYSTEM IN INDIA: INCUBATORS AND ACCELERATORS*. Switzerland Global Enterprise. Retrieved December 27, 2023, from

<https://www.s-ge.com/sites/default/files/publication/free/startup-ecosystem-india-incubators-accelerators-23-01-2019.pdf>

³ Atal Innovation Mission, Niti Aayog, Government Of India. (2021). *Assessment Framework For Startup Incubation Centres*.

⁴ Supporting early stage social-enterprises in india. (2017, March 6). *LSE International Development*.

<https://blogs.lse.ac.uk/internationaldevelopment/2017/03/06/supporting-early-stage-social-enterprises-in-india/>

⁵ Meryl. (2019, December 15). *Social impact startups are on the rise in India*. IndBiz | Economic Diplomacy Division.

<https://indbiz.gov.in/social-impact-startups-are-on-the-rise-in-india/>

In this vibrant tapestry of India's startup ecosystem, the role of Corporate Social Responsibility (CSR) emerges as a transformative force, playing a pivotal role in the nation-building process. The infusion of CSR funds such as the HDFC Parivartan SmartUp Grant into the incubator landscape contributes significantly to the advancement of startups, fostering innovation, and propelling social impact initiatives at large. Such funding provides a crucial avenue for sustained financial support to incubators, enabling them to offer a structured and nurturing environment for startups to thrive. This strategic alignment between CSR initiatives and incubators and startups creates a symbiotic relationship, where the impact of social initiatives is amplified through the innovative solutions generated by startups.

The infusion of CSR funds through the HDFC Parivartan SmartUp Grant not only catalyses the growth of startups but also amplifies their social impact. By channelling resources towards social impact startups, the program contributes directly to initiatives addressing critical societal challenges, such as poverty, healthcare, education, and environmental sustainability. The collaborative efforts of HDFC Bank, incubators and social impact startups exemplify a collective commitment to driving positive change, addressing societal issues, and fostering sustainable development. This strategic alignment between the program's contributions and the startup ecosystem underscores the crucial role of corporate entities in actively participating in the nation-building process by supporting initiatives that go beyond profit-making, contributing to the holistic development of society.

Program Cardinals: HDFC Parivartan SmartUp Grant

As India continues to embrace its role as a global innovation hub, the relevance of funding incubators in propelling the startup ecosystem forward cannot be overstated. In this context, HDFC Bank's CSR initiatives have demonstrated a strong commitment to support startups in India. The HDFC Bank Parivartan SmartUp Grant funds social impact startups across diverse thematic areas, in collaboration with Startup India. This initiative is designed to provide assistance to startups focusing on innovative ideas with a dedicated emphasis on enabling social benefits. **The primary goal is to cultivate the growth of a robust ecosystem for these organisations, aligning with HDFC Bank's dedication to fostering innovation and social impact within the startup landscape.**

The core problem addressed by the SmartUp Grants Program is the lack of a thriving ecosystem for innovation and enterprise within the startup space. As an integral component of HDFC Bank's broader initiative, the Program aims to support the spirit of innovation by extending financial solutions to entrepreneurs. The inception of the journey traces back to the launch of the SmartUp solution, a pioneering banking offering specifically designed for startups. This comprehensive solution addresses the unique requirements of startups, providing essential banking and payment solutions, as well as advisory and forex services. Furthermore, the Program recognises the importance of knowledge-sharing and collaboration within the startup community. By leveraging the SmartUp portal, startups gain access to a wealth of knowledge and experience from a network of peers.

The HDFC Parivartan SmartUp Grant at a glance



Duration of the project: December 2021 to March 2022



Number of incubators supported: 27
Number of startups supported: 85



Average funds disbursed to incubators: INR 50 lakhs
Funding support disbursed to startups: INR 8 lakhs to INR 20 lakhs



Geographic coverage: 12 states across India



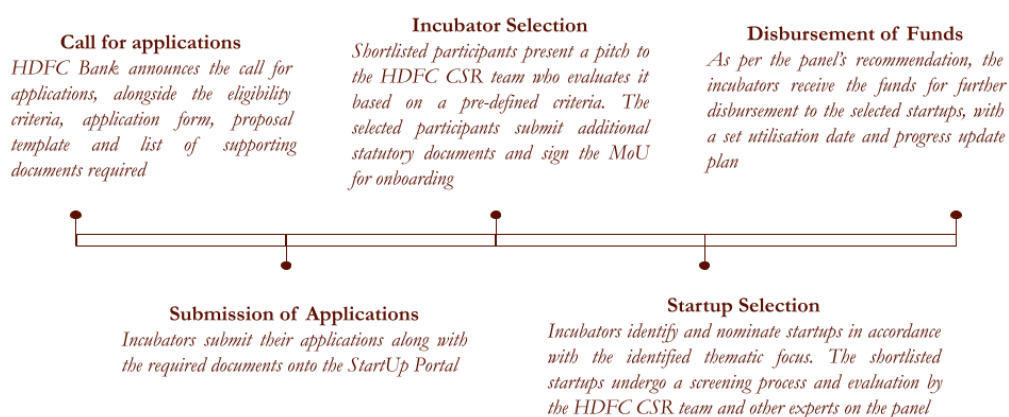
Thematic coverage: Agriculture, Clean Tech, E-mobility, Education, Environment, Health, Skill Development, Waste Management

Program Activities and Processes

The HDFC Parivartan SmartUp Grants Program establishes a meticulous selection process for both incubators and their subsequent startups, adhering to a clearly defined framework. The Program offers grant assistance exclusively to chosen incubators that meet the criteria of being affiliated with government agencies (in accordance with Schedule VII (ix) under Section 135 of Companies Act, 2013) or are non-profit incubators eligible for Corporate Social Responsibility (CSR) funding.

A crucial criterion for the selection of both incubators and startups is to ensure alignment with the identified thematic focus areas of the program.⁶ This strategic requirement ensures that the startups' endeavours resonate with and contribute to the thematic focus envisioned by the program.

Snapshot of the Grant Process



⁶ In this case, the identified thematic focus areas are: Agriculture, Clean Tech, E-mobility, Education, Environment, Health, Skill Development and Waste Management

Methodology

A. Assessment Objective

This report assesses the impact of the HDFC Parivartan SmartUp Grants Program. The assessment focuses on the impact of the Grant on the progress and growth of the incubators and their respective startups. Social Lens was engaged as the Assessor agency, to evaluate the impact from a third-party perspective. The study was conducted with the following objectives:

1. To understand the impact (the nature of the impact and the extent of impact) of the funds disbursed under the HDFC Parivartan SmartUp Grant, on the incubators and their respective startups.
2. Examining the role of the grants in enabling incubators to provide financial and non-financial support to the startups.
3. Analysing the role of the HDFC Parivartan SmartUp Grant in the growth trajectory and development of incubators and their respective startups.

B. Sample Selection

Keeping in mind the nature and objectives of the assessment, the incubators as well as their subsequent startups were selected to represent an equitable spread of the geographical locations, thematic areas as well as fund allocations. The sample size was determined as follows, on the basis of the factors considered, listed below:

	Population	Sample Achieved
Incubator Coverage	27	16 incubators were interviewed, covering 60% of the incubator population of the program.
Startup Coverage	85	34 startups were interviewed, covering 70% of the startups incubated by the sample of 16 incubators.

Factors Considered	
Fund Disbursement	The incubators were categorised into the categories of high-grant disbursement (comprising incubators that received a grant of INR 70L and above), medium-grant disbursement (comprising incubators that received a grant amount between INR 40L to INR 70L) and low-grant disbursement (comprising incubators that received a grant amount of less than INR 40L); thereby being representative of the various categories of fund allocations.
Thematic Focus	50% of the total startups working across each thematic area were interviewed.
Geographic Coverage	The incubators were selected across the four zones of North, South, East

	and West India to ensure representative geographic coverage.
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Stakeholders Covered	
Across Incubators	Chief Executive Officers, Vice-Presidents, Incubator Managers
Across startups	Chief Executive Officers, Founders

C. Our Approach and Assessment Framework

1. OECD DAC Assessment Framework

The study adopted and tailored the **OECD DAC criteria**, encompassing dimensions such as Relevance, Coherence, Effectiveness, Impact and Sustainability. These criteria guided the development of the assessment's key focus areas. Subsequently, the assessment questions were drafted, taking into account the diverse facets and goals of the Program. The table provided below illustrates the primary focal points, shedding light on the insights it aims to uncover.

OECD DAC Framework Application	
Relevance	Evaluation of the alignment between the program and the overarching goals of sustainable development, social innovation, and economic growth.
Coherence	Assessment of the alignment of the program with National Development Priorities, National and State-level schemes and policies, and the integration of the program with the larger incubator and startup ecosystem.
Effectiveness	Assessment of the extent to which incubator interventions contribute to the achievement of desired outcomes, such as startup growth, social impact, and ecosystem development.
Impact	Examination of the social, economic, and environmental impacts generated by startups, including their contributions to quality and affordable healthcare, environmental sustainability, social inclusion, waste management etc.
Sustainability	Evaluation of the long-term viability and impact sustainability of supported startups and the broader incubator ecosystem.

2. World Bank Assessment Framework

The Incubator Benchmark Assessment Tool (IBAT), developed by the World Bank, offers a comprehensive framework for evaluating business incubators' operational capacity and service delivery. Divided into two main sections, it assesses key dimensions essential for benchmarking incubator performance. The service provision dimensions encompass training, mentorship, networks, business development, access to finance, market facilitation, gender/inclusivity programming, and entrepreneur engagement. Internal capacity

dimensions include strategy and leadership, people and team, ecosystem presence, facilities, finances, and entrepreneur management. The IBAT aids in designing improvement roadmaps and tracking progress toward set targets.

The study adopted and tailored the IBAT encompassing key dimensions of incubator and startup assessment, in addition to program-specific indicators. The IBAT guided the analysis for this study, enabling us to analyse the qualitative insights gathered through primary research across the various stakeholder groups.

The IBAT, along with the OECD DAC Framework were used to identify the most pertinent themes of analysis for this study, across the incubators and the startups and scored in accordance with the IBAT scoring rubric.

Results: Findings from the study

Coherence of the Program with other initiatives

Incubators stand as indispensable pillars fostering the growth of startups, offering crucial resources like infrastructure, mentorship, and financial backing essential for nurturing innovation and entrepreneurial ventures. With over 20,000 startups and a consistent year-on-year growth rate of 10-12%, India proudly holds the position of having the second-largest startup ecosystem globally. In terms of global standing, India ranks **third** in the number of incubators, trailing behind only the USA and China. Notably, as of October 2020, the number of incubators had experienced an exponential surge, resulting in approximately one incubator for every 150 startups in India.⁷

The Indian startup ecosystem encompasses diverse stakeholders, including government bodies, private investors, academic institutions, and individual funders. Aligned with the Government of India's commitment to fostering a robust startup culture and an inclusive environment for innovation, the Start-up India Initiative was launched in 2016 under the Department for Promotion of Industry and Internal Trade. This initiative propels entrepreneurship and innovation through incentives such as tax exemptions, funding, and support for incubators, contributing significantly to India's expanding startup landscape.⁸ The Department of Science & Technology's Incubation Program further supports startups with funding, mentorship, and networking opportunities, aiding 75 startups until 2022 and enhancing the overall success of the ecosystem.⁹

Additionally, the Atal Innovation Incubation initiative endeavours to instil a culture of innovation and entrepreneurship by establishing Atal Incubation Centers pan-India. This initiative, which includes components like Atal New India Challenges, has been pivotal in promoting critical problem-solving and nurturing creativity, thereby playing a vital role in supporting incubators and startups nationwide.¹⁰

⁷ Dayal, S. (2023, November 2). *From Seed to Success: The Evolution of Startup Incubators in India*. TICE News. Retrieved December 27, 2023, from <https://www.tice.news/enticing-angle/from-seed-to-success-the-evolution-of-startup-incubators-in-india-1682053>

⁸ *Government Schemes for Startups*. (2023, November 10). Startup India. Retrieved January 21, 2024, from <https://www.startupindia.gov.in/azerbaijani/content/sih/en/government-schemes.html>

⁹ Ministry of Electronics and Information Technology government of India. (n.d.). <https://www.meity.gov.in/writereaddata/files/SAMRIDH%20Scheme%20Document.pdf>

¹⁰ Atal Innovation Mission (AIM) | Government of India's flagship initiative. Retrieved January 21, 2024, from <https://aim.gov.in/>

Complementary efforts include the NIDHI-SEED support scheme, focused on healthcare startups, and the Funds of Funds for Startups scheme, boasting a corpus of INR 100 billion. The latter specifically targets social impact startups, providing funding support through various venture capital funds. These initiatives collectively form a cohesive framework, reflecting the multifaceted approach of the Indian government to foster innovation, entrepreneurship, and social impact within the startup ecosystem.

Beyond government policies and schemes, private investors—encompassing seed, angel, venture capital, and private equity funds—stand as key contributors to India's vibrant startup ecosystem. Simultaneously, academic institutions such as the Indian Institutes of Technology (IITs), and Indian Institutes of Management (IIMs) play a crucial role in fostering entrepreneurial talent through specialised courses in entrepreneurship, innovation, and technology. These educational initiatives equip students with essential skills for startup endeavours.

In parallel, incubators and accelerators provide invaluable support, offering mentorship, resources, and guidance to early-stage startups. This assistance plays a vital role in helping startups overcome challenges and thrive in India's flourishing entrepreneurial landscape. Additionally, individual funders and angel investors leverage their entrepreneurial experience to mentor selected startups, providing valuable insights that enhance the prospects of startup success. Collectively, these private entities form an integral part of the multifaceted support system that propels the growth and success of startups in India.¹¹

Against this backdrop, the HDFC Parivartan SmartUp Grant Program strategically aligns with the various social startup schemes and policies in collaboration with the Government of India, and remains coherent with the contributions made by other players as well. Moreover, in addition to harmonising with national schemes, the Parivartan SmartUp Grant Program coalesces with specific governmental initiatives in Gujarat, Tamil Nadu, Karnataka, Hyderabad, and Uttar Pradesh, where the program is operationally situated.

Benchmarking

The SmartUp Parivartan Grant is uniquely positioned to support social impact startups, a segment often overlooked in traditional startup funding. Unlike typical investments that prioritise quick returns, this grant offers flexibility and freedom in fund utilisation, allowing startups to address specific challenges such as product development, team expansion, or research. Serving as an early-stage funding source, the grant plays a pivotal role in catalysing growth and progress for startups, filling a critical gap in the funding ecosystem.

¹¹ Gupta, A. (2023, February 16). *What Ails the Indian Startup Ecosystem? A Brief History, Current State and Future Outlook*. LinkedIn. Retrieved December 27, 2023, from https://www.linkedin.com/pulse/what-ails-indian-startup-ecosystem-brief-history-current-amit-gupta?trk=public_post

Benchmarking of the HDFC Parivartan SmartUp Grant against similar CSR initiatives

The analysis below aims to benchmark the HDFC Parivartan SmartUp Grant against similar CSR initiatives offered by other financial institutions. While initiatives like the NSRCEL-IIMB Women Startup Program by Kotak Mahindra Bank and the Baroda Startup program by Bank of Baroda focus on providing early seed funding and financial services to startups respectively, the HDFC Parivartan SmartUp Grant stands out for its sector-agnostic approach, targeting startups across diverse thematic areas. Additionally, the SmartUp Parivartan Grant offers flexible and unrestricted funding, especially crucial in critical stages like product development and prototyping, setting it apart as a catalyst for innovative solutions and sustainable development.

Name of the entity	Name of the program/ initiative	Objective	Focus of the initiative	Envisioned outcomes and impact
Kotak Mahindra Bank ¹²	NSRCEL-IIMB Women Startup Program	To support 200 women with early seed funding for their startup innovations	Grant support in the early stages of a startup's journey	Empower women entrepreneurs to translate ideas into successful businesses
Bank of Baroda ¹³	Baroda Startup	Specific financial services for the startup community	Providing startup ecosystem- specific financial solutions to startup founders in the form of credit products, foreign currency current account, customised banking services etc	Approximately 1,500 startups onboarded, with a 4% market share among DPIIT-registered startups.
Canara Bank ¹⁴	Canara Bank Centenary Rural Development Trust	To promote entrepreneurship among rural youth	Establishing training institutes and sponsoring Rural Development and Self Employment Training Institutes	To empower unemployed youth for self-employment, conduct research in entrepreneurship and rural development, train village workers, and offer

¹²NSRCEL.(n.d.).WomenStartupProgram.Retrievedfrom <https://nsrcel.org/women-startup-program/#:~:text=Women%20Startup%20Program&text=NSRCEL's%20Women%20Startup%20Program%20at,their%20ideas%20into%20business%20ventures.>

¹³ Bank of Baroda. (n.d.). Introduction to Baroda Startup Banking. Retrieved from <https://www.bankofbaroda.in/banking-mantra/others/articles/introduction-to-baroda-startup-banking>

¹⁴Canara Bank.(n.d.). Canara Bank Centenary Rural Development Trust.Retrieved from <https://canarabank.com/pages/canara-bank-centenary-rural-development-trust#:~:text=CBCRD%20Trust%20assists%2046%20Self,employment%20ventures%20for%20sustainable%20livelihod.>

			(RUDSETIs)	counselling and consultancy to these early stage initiatives.
Union Bank of India ¹⁵	Technology Incubation Centre at IIT- Chennai	To Foster entrepreneurship and idea generation	To develop open-source platforms for employment enablement and financial analytics.	A deep-tech startup hub that synergises cutting-edge research and industrial interactions to drive innovation and entrepreneurship.
Yes Bank ¹⁶	Yes Bank Foundation	Incubate 200 micro enterprises in five years	Funding for product development, production and expansion of micro enterprises	Strengthened local economies, adopting commercialised technologies, and strengthened capacity for import substitution.

Comparative Analysis:

- While other CSR initiatives have a specific thematic focus, the HDFC Parivartan SmartUp grant is sector-agnostic, targeting a broad spectrum of startups across thematic areas such as health, waste management, livelihood creation, agriculture etc.
- The HDFC Parivartan SmartUp grant enables investments in niche innovations, across diverse thematic areas, addressing not only the requirements of the sector at large, but also enabling solutions at the intersection of sectors such as health-tech, agri-tech etc.
- The HDFC Parivartan SmartUp Grant has a broader vision of outcomes and impact. While most CSRs in this space are measuring impact in terms of market share, number of startups supported and economic growth, HDFC Bank CSR adopts a holistic approach to measuring impact, evaluating the impact across outreach as well as the depth of impact. The objective of the HDFC Parivartan SmartUp Grant is to address broader societal challenges through innovative solutions and sustainable development.
- The HDFC SmartUp Parivartan Grant provides flexible and unrestricted funding for startups, especially in critical stages like product development and prototyping.

¹⁵Indian Institute of Technology Madras. (n.d.). IITM Incubation Cell. Retrieved from [https://www.iitm.ac.in/research-park/incubation-cell#:~:text=The%20IITM%20Incubation%20Cell%20\(IITMIC,edge%20research%20and%20industrial%20interactions.](https://www.iitm.ac.in/research-park/incubation-cell#:~:text=The%20IITM%20Incubation%20Cell%20(IITMIC,edge%20research%20and%20industrial%20interactions.)

¹⁶YES Foundation. (n.d.). Employability & Entrepreneurship Initiatives. Retrieved from <https://www.yesfoundation.in/what-we-do/ongoing-programs/employability-entrepreneurship-initiatives.html#:~:text=Incubating%20Micro&text=For%20strengthening%20local%20economic%20developing,over%20the%20next%20five%20years.>

Outcomes and Impact of the Program

This section presents the findings and analysis of the outcomes and impact of the incubator and startups participating in the Program. The assessment aimed to evaluate the effectiveness and outcomes of the incubator's support services and the progress made by startups following their engagement with the program. Through a comprehensive examination of key performance indicators, stakeholder feedback, and qualitative insights, a nuanced understanding of the impact created by the incubator and startups has been offered, shedding light on their contributions to economic development, innovation, and social empowerment. This section provides a detailed overview of the outcomes achieved and the implications for future programmatic efforts and policy interventions. Additionally, the incubator-wise analysis in the annexures provides incubator and startup-wise comprehensive findings.

Key results at a glance

Usage of the grant by startups	
Broad domains of grant usage	% of startups
Product development and iteration	47.06%
Pilot testing and market expansion	17.65%
Operations and infrastructure	5.88%
Multi-faceted grant usage (business operations, staff training etc.)	29.41%
Differentiating factor of the HDFC Parivartan SmartUp Grant	
Advantages of the grant	% of incubators
Unrestricted, flexible funding	90%
Balanced focus on startup stages ¹⁷	80%
Increased visibility and avenues of financial sustainability ¹⁸	100%

¹⁷ The HDFC Parivartan SmartUp Grant's approach towards funding startups across all the stages from idea to proof of concept to minimum viable product to go-to market.

¹⁸ All the startups reported increased visibility and an increased ability to raise further rounds of funding due to the trust and goodwill established due to the HDFC Parivartan SmartUp grant.





Key results at a glance

Impact delivered through incubators

Funding the incubators through the HDFC Parivartan Smartup grant, HDFC Bank CSR contributed towards the provision of niche support such as:

-  Specialised mentorship and guidance tailored to startup needs
-  Strong partnerships with the government, academia and industry
-  Pivotal financial assistance
-  Development of infrastructure and purchase of state-of-the-art technology

Impact on the startups

-  Access to further rounds of funding due to greater visibility through the HDFC Parivartan SmartUp Grant
-  Product iteration, trial and development
-  Team expansion, hiring of specialised resources
-  Utilising the grant to receive patents, certifications and approvals

The HDFC Parivartan SmartUp Grant difference



All the 34 startups interviewed stated that the HDFC Parivartan SmartUp Grant played a pivotal role in their growth trajectory, especially from MVP to GTM stage



The timing of the grant for the 2021-22 cohort was crucial, especially amid the pandemic, when securing funding was particularly challenging for startups



The unrestricted nature of the HDFC Parivartan SmartUp Grant empowers startups to allocate funds according to their discretion, addressing their most pressing needs effectively



Receiving the HDFC Parivartan SmartUp Grant has significantly enhanced the visibility and recognition of both the incubators and the startups, attracting more CSR investments

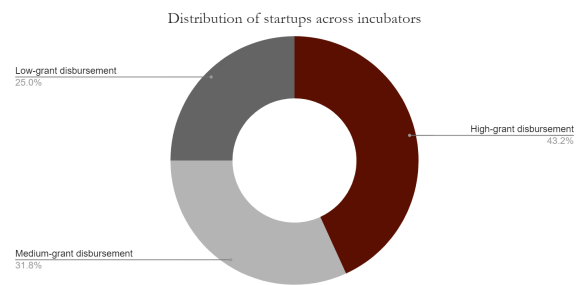
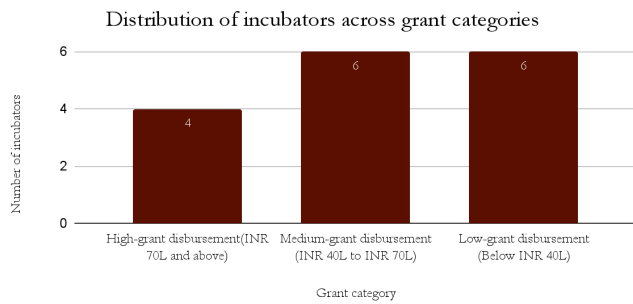


The HDFC Parivartan SmartUp Grant has had the most profound impact in the thematic areas of health, agriculture, skill development and environmental sustainability



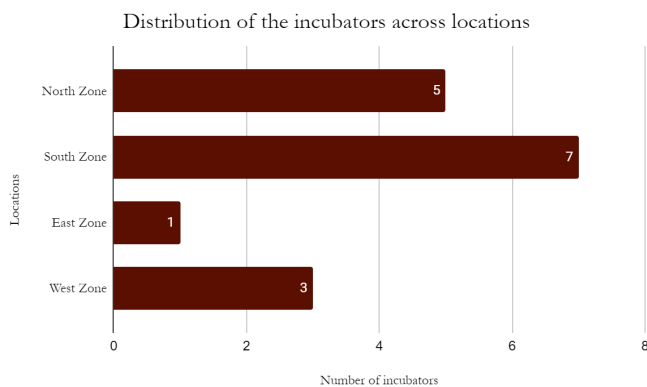
The startups supported by the HDFC Parivartan SmartUp Grant have most significantly impacted rural communities, low-income communities, women, children and tribal communities

Incubator Profile



16 incubators were interviewed across 3 grant-disbursement categories:

- High grant disbursement: INR 70 Lakhs and above;
- Medium grant disbursement: INR 40 Lakhs to INR 70 Lakhs and above;
- Low grant disbursement: below INR 40 Lakhs.

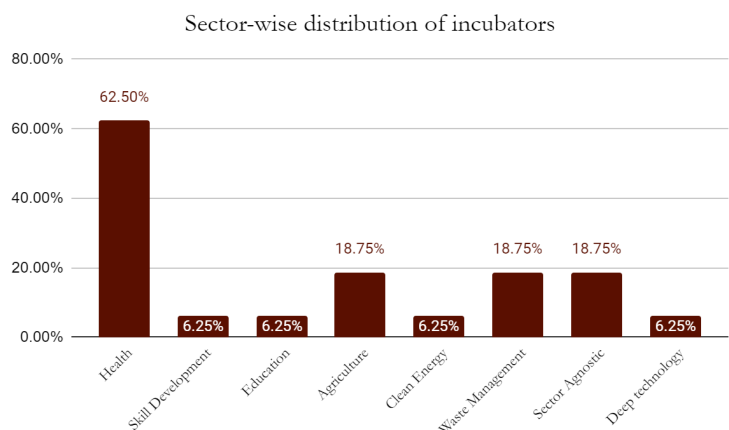


A majority of the startups, 43.2%, were incubated under the high grant incubators.

To ensure geographical coverage pan-India, incubators representing all the 4 regional zones were selected. 43.7% of the incubators belonged to the South Zone.

A significant majority of the incubators under the Parivartan SmartUp Grant Program incubated startups in the health sector.

The med-tech industry encompassing medical devices and diagnostics, is projected to reach \$600 billion by 2025, with a CAGR of 6% until 2030. India, as the fourth largest medical device market, is expected to grow at a rate of 15%. This **highlights the potential for innovative medical startups to address India's healthcare needs while achieving significant market success.**¹⁹



18.75% of the incubators under the Parivartan SmartUp Grant Program focus on innovations in agriculture and waste management, respectively. Incubating startups in agriculture is crucial for

¹⁹ Med-Tech Incubators and Accelerators in India: A guide for Innovator and Early-stage Entrepreneurs

India's incubator ecosystem due to its potential to drive economic growth, ensure food security, promote sustainable practices, contribute to rural development, and foster innovation. Furthermore, the agricultural sector offers ample opportunities for innovation, and supporting startups in this sector can drive innovation and make India's agriculture more competitive globally.²⁰

Similarly, **incubating startups working towards waste management solutions addresses pressing environmental challenges, promotes sustainability, and fosters innovation in a pressing domain. These startups play a key role in waste reduction, recycling, and resource recovery, thereby mitigating pollution, conserving natural resources, and promoting a circular economy.** Additionally, improve public health, and contribute to sustainable urban development, making them essential for India's future.²¹

Alignment of the Program with HDFC Bank CSR

HDFC Bank is dedicated to supporting programs that uplift communities, especially those at the bottom of the pyramid, and minimise its environmental footprint. Through its CSR initiatives, the bank aims to drive social and economic development by integrating disadvantaged groups into the growth cycle. This commitment extends to all aspects of the bank's operations, ensuring a holistic approach to community development and environmental responsibility. **Analysing the 16 sampled incubators, a direct alignment was found with HDFC Bank's CSR policy, reflecting a shared commitment to empowering socio-economically disadvantaged groups and positively impacting the environment.**

All the incubators and their respective startups demonstrate a focus on innovative solutions in healthcare, environmental sustainability, meaningful livelihood generation, and women's empowerment through technology-driven and community-centred initiatives. This alignment underscores the **coherence between the startups supported by these incubators and HDFC Bank CSR's vision and mission.**

Support provided by the incubators

The incubators under the Parivartan SmartUp Grant offer a range of support to startups, including mentorship, access to networks, funding, and hands-on guidance. They focus on developing entrepreneurial skills, refining business models, and enhancing market visibility for the startups' solutions. Additionally, they provide technical support, facilitate interactions with industry experts, and offer opportunities for collaboration and growth. The incubators also emphasise sustainability and social impact, aligning with HDFC Bank CSR's objectives.

Additionally, the incubators also provide access to supporting infrastructure, such as co-working spaces, laboratories, and prototyping facilities to facilitate product development. They offer guidance on legal and regulatory compliance, financial management, and intellectual property rights. Furthermore, they organise networking events, demo days, and pitch sessions to connect startups with potential investors and customers. The incubators' support extends to monitoring and evaluating the progress of startups, helping them overcome challenges, and ensuring their sustainability and long-term success.

²⁰ Agri-startups in India: Opportunities, Challenges and Way Forward

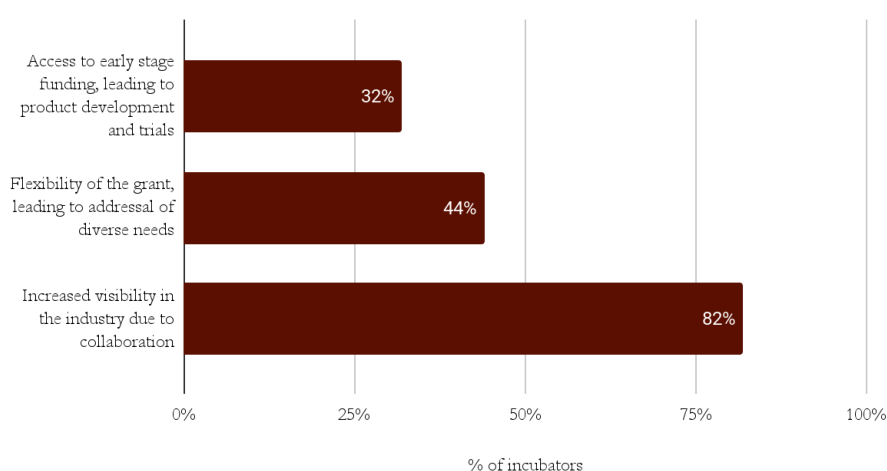
²¹ Startup Gateway for Garbage Free Cities, Government of India

Incubator Category	Support Offered	Impact of the support offered
High-grant disbursement	<ul style="list-style-type: none"> ● Capital Funding ● Access to labs and design library ● Mentorship and guidance ● Academia and industry networks ● Product development ● Business support 	<ul style="list-style-type: none"> ● Access to further rounds of funding, especially CSR ● Product development, ensuring product-market fit ● Enabled receiving global patents, ISO certifications ● Facilitated strong partnerships with government, academia and industry ● Enhanced visibility in the social impact startup ecosystem ● Innovative bootcamps and virtual immersion events ● Nurturing of founders and team expansion ● Access to alumni network
Medium-grant disbursement	<ul style="list-style-type: none"> ● Access to further funding ● Regulatory and Compliance support 	<ul style="list-style-type: none"> ● Access to peer networks ● Mentoring tailored to startup needs ● Product development and scaling of production ● Regular monitoring, feedback, redressal of startup challenges ● Forward and backward market linkages
Low-grant disbursement		<ul style="list-style-type: none"> ● Developing of a business plan ● Product testing and prototyping to ensure market viability ● Securing certifications and compliance approvals ● Support in securing sustained rounds of funding, especially CSR ● Amplifying presence within the ecosystem ● Academic networks

The findings highlight that high-grant disbursement incubators provide comprehensive support, including capital funding, access to labs, mentorship, and business guidance, leading to impactful outcomes such as global patents and strong partnerships. Medium-grant disbursement incubators focus on peer networks, tailored mentoring, and market scaling, while low-grant disbursement incubators prioritise business plan development, product testing, and funding sustainability, all contributing to enhanced visibility and ecosystem presence.

The HDFC Parivartan SmartUp Grant has led to significant impacts, including access to early-stage funding for product development and trials (32%), flexibility in addressing diverse needs (44%), and increased visibility in the industry through collaboration (82%).

Impact of the support offered to startups



Usage of the HDFC SmartUp Parivartan Grant by the startups

The analysis across startups in various thematic areas and solution designs indicates that the HDFC Parivartan SmartUp Grant has significantly influenced the success trajectories of the startups. This cohort received the grant during the pandemic, a period marked by limited funding and operational disruptions for many startups. The unrestricted nature of the grant allowed startups to allocate funds according to their specific needs, addressing immediate challenges or investing in long-term growth strategies. The table below details how startups from different sectors utilised the grant and the resulting impact on their growth and success.





Sector-wise distribution	Usage of grant	Impact of the grant support on the startup
Health	<ul style="list-style-type: none"> → Product testing and prototyping → Human trials, market research → Receiving global and national patents, ISO certifications and approvals → Establishing connections with the medical fraternity 	<ul style="list-style-type: none"> → Product readiness due to repeated product testing and refinement → Access to market feedback and product alignment with the needs of the target end-users → Established industry connections and partnerships
Agriculture	<ul style="list-style-type: none"> → Research and strategy → Scaling of solution → Product refinement → Establishing connections with farmer groups 	<ul style="list-style-type: none"> → Specialised guidance and mentoring from incubators that specialise in agri-startups → Networking opportunities across the diverse supply chains in agriculture → Product development and scaling
Skill Development	<ul style="list-style-type: none"> → Expansion of team- resource hiring and training → Strengthening collaborations with state governments 	<ul style="list-style-type: none"> → Creation of a well-defined team structure, with dedicated resources for designated responsibilities such as mobilisation, finances, research, M&E,

	<ul style="list-style-type: none"> → Innovations within the program leading to greater employment opportunities 	<ul style="list-style-type: none"> product/ service development etc. → Scaling of the program across multiple locations
Waste Management/ Environmental Sustainability	<ul style="list-style-type: none"> → Enhancing production and processing capacity → Research → Early product testing → Optimisation of technology parameters to ensure commercial viability 	<ul style="list-style-type: none"> → Identification of product gaps, leading to successful mitigation and product refinement → Efficient supply chain management → Established partnerships with governments as well as private entities
Additional Insights:	<p>Besides the varied utilisation of grants across thematic areas, interactions with startups and incubators highlighted the challenges of securing funding for hardware development. This difficulty arises from the prolonged return on investment (ROI) timeline, dissuading many funders. However, HDFC Bank's Parivartan SmartUp Grant's unrestricted funding approach, covering hardware, software development, and niche social impact domains, offers significant support to startups. This flexibility provides startups with a sense of autonomy and ownership over their projects.</p>	




Impact of theHDFC SmartUp Parivartan Grant on the community at large

In addition to supporting startups, the HDFC Parivartan SmartUp Grant has facilitated impactful community impact. The startups' solutions have addressed sectoral challenges, contributing to sustainable development, economic empowerment, and environmental conservation. The grant has particularly benefited women, marginalised communities, especially within rural India.





Healthcare Sector

-  Increased access to innovative and quality healthcare in rural India
-  Enabled ease and access to cancer screening and testing
-  Improved women's health due to innovations in maternal health and menstruation
-  Tech-enabled testing and diagnosis




Skill Development Sector

-  Women empowerment through technical skills training in mobility
-  Employment generation and provision of meaningful livelihood opportunities
-  Promotion of sustainable livelihoods through vehicle ownership in underserved economic regions

Agriculture Sector

-  Recycling of agricultural residue and food waste in an eco-friendly manner
-  Strengthening agri-supply chains and empowering farmers through reduced wastage
-  Agri-solutions for farmers and recycling of waste for alternative biodegradable materials
-  Bridging gaps in nutrition and healthy food consumption

Waste Management/ Environmental Sustainability Sector

-  Recycling of plastic waste and eco-friendly solutions for construction and manufacturing
-  Innovative solutions addressing pressing environmental concerns such as pollution
-  Eco-friendly solutions for product packaging in the textile and fashion industry

Sustainability of the Incubators and Startups

The exit strategy for incubators and their respective startups is meticulously planned and executed, often through collaborative discussions and mutual agreement. In instances where an incubatee requires further support and desires to prolong their engagement, the incubation program is seamlessly extended, with revised terms and milestones established to align with evolving needs. This tailored approach ensures that each incubatee receives optimal support tailored to their unique circumstances and growth trajectory.

Predominantly, approximately 94% of incubators adhere to an equity-based model, where they typically acquire a nominal equity stake, averaging around 2% of the company, in exchange for their support and guidance. This equity arrangement not only fosters a sense of shared ownership but also incentivises both parties to work collaboratively towards mutual success. Moreover, some incubators have forged strategic partnerships with corporate entities and government agencies, leveraging their cutting-edge design and innovation labs to develop bespoke products and services. These strategic alliances not only enhance the incubators' revenue streams but also elevate their profile as key players in the innovation ecosystem.

Furthermore, while equity-based models are prevalent, many incubators predominantly rely on grant-based funding mechanisms to sustain their operations. Securing funding through diverse channels such as government grants, venture capital firms, impact investors, CSR initiatives, and High Net-worth Individuals (HNIs) is pivotal for maintaining financial stability and ensuring continued support for budding startups.

Stories of Change

1. Transforming Rural Healthcare

In rural communities, the Health Care Remote Interactive Machine (HCRIM) from Medaara Healthcare Technologies Pvt. Ltd. emerged as a transformative force, bringing accessible and quality healthcare within reach. This beacon of innovation combines 5G connectivity with an eco-friendly design, delivering essential medical consultations right to people's doorsteps. Through a user-friendly app, patients can connect with doctors, undergoing comprehensive examinations aided by cutting-edge AI technology. The HCRIM isn't just a machine; it's a symbol of hope, bridging the healthcare divide between bustling urban centres and remote areas. With each consultation, it transforms lives, empowering communities and bringing vital healthcare closer to those who need it most.

Discussions with the Medaara Healthcare Technologies team highlighted the impact of the HCRIM innovation on ground. The rural communities where the HCRIM was in use, reported greater access to quality healthcare and medical personnel. Since in most of these locations, there is a dearth of qualified medical personnel and a lack of awareness pertaining to regular medical testing, the HCRIM has proved to be pivotal in diagnosis and early intervention.

2. Transforming Lives: Empowering Children with Hearing Loss

Backyard Creators is on a mission to transform the lives of children with congenital hearing loss, who face significant challenges in communication and education. These children often find themselves isolated, with limited opportunities for learning and growth. Through their innovative solution, "Impulse," Backyard

Creators aims to break down these barriers by providing a user-friendly external ear device that restores hearing. By restoring the ability to hear and communicate effectively, "Impulse" not only opens up a world of opportunities for these children but also empowers entire communities. With "Impulse," Backyard Creators is paving the way for a brighter future, where every child has the chance to thrive and succeed.

Social Lens Commentary

The HDFC Parivartan SmartUp Grant is a pioneering initiative aimed at supporting and empowering social impact startups across India. Since its inception, the grant has been instrumental in providing crucial financial support and mentorship to startups focused on addressing key societal challenges, such as healthcare, agriculture, skill development, waste management, environmental sustainability, education and women's empowerment. The grant's unique approach, which includes flexible funding and tailored support through incubators, has enabled startups to develop innovative solutions and drive meaningful change in communities.

The purpose of this evaluation is to assess the impact and effectiveness of the HDFC Parivartan SmartUp Grant for the year 2021-22. This evaluation focuses on understanding the extent to which the grant has contributed to the growth and success of startups, as well as its broader impact on society. By examining key metrics such as startup growth, product development, and community impact, this evaluation aims to provide valuable insights into the grant's effectiveness and identify areas for improvement.

Impact of the HDFC Parivartan SmartUp Grant

The HDFC SmartUp Parivartan Grant has emerged as a beacon of support for social impact startups in India. Through its flexible and unrestricted funding, the grant has enabled startups to address critical challenges and develop innovative solutions that have a profound impact on society. The grant's focus on holistic support through incubators across the country, including mentorship, guidance, and access to networks, has not only helped startups grow but has also contributed to the larger goal of sustainable development and community empowerment.

Strengths of the HDFC Parivartan SmartUp Grant

One of the primary strengths of the HDFC Parivartan SmartUp Grant lies in its unrestricted funding approach, supporting a wide array of diverse and niche innovations and solutions. Particularly impactful during the pandemic, when funding sources were constrained, the grant has played a pivotal role in enabling startups to achieve significant milestones and drive meaningful change in their respective communities. Its emphasis on social impact and sustainability distinguishes it from other CSR initiatives, positioning it as a key catalyst for positive transformation.

Social impact on the community at large

The HDFC Parivartan SmartUp Grant has not only provided essential financial support to startups but has also enabled these startups to create a meaningful impact on the broader community. By addressing specific challenges within various sectors, these startups have contributed to broader goals such as sustainable development, economic empowerment, and environmental conservation. For example, in the healthcare sector, the grant has facilitated increased access to innovative and quality healthcare in rural India, while also enabling easier access to cancer screening and testing. In the agriculture sector, startups supported by the grant have focused on recycling agricultural residue and food waste in an eco-friendly manner, thereby strengthening agri-supply chains and empowering farmers through reduced wastage. Additionally, in the skill development sector, the grant has supported initiatives that aim to provide technical skills training to women, enhancing their mobility and independence. Overall, the HDFC Parivartan SmartUp Grant has not only fueled the growth of startups but has also catalysed positive change in communities, particularly benefiting women, marginalised groups, and rural populations.

In conclusion, the HDFC SmartUp Parivartan Grant stands out as a model CSR initiative that is driving positive change and empowering communities. Its impact goes beyond just financial support, as it is enabling startups to create a more inclusive, innovative, and sustainable future for India.

Way forward and Recommendations

Theme	Recommendations	Action items
Grant Management and Disbursement	<p>It is recommended that HDFC Bank CSR collaborates with selected incubators to create a comprehensive grant management schedule. This schedule should outline the tranches of grant disbursement alongside corresponding milestones, aligning with the program timeline and startups' developmental stages. This approach ensures that funding is disbursed strategically at key milestones, effectively supporting the progress of the startups.</p>	<ul style="list-style-type: none"> ● Implement a centralised online platform for grant management and disbursement.
Incubator Selection	<p>It is recommended that HDFC Bank CSR focuses on identifying and partnering with incubators that face challenges in securing funding or lack resources to effectively support startups. Targeting such incubators can help fill critical gaps in the startup ecosystem. The selection process should include a thorough assessment of each incubator's alignment with the objectives of the Parivartan SmartUp Program.</p> <p>It was observed that the smaller incubators, who were working in niche domains such as agriculture and supply chain were the ones where the impact of the grant was most evident and multifold. It is therefore recommended that HDFC Bank CSR leverages such incubators and provides them greater funding support, in comparison to larger incubators that already receive funding from multiple sources (where the impact of the HDFC Parivartan SmartUp Grant is not as prominent).</p>	<ul style="list-style-type: none"> ● Conduct a needs assessment within the startup ecosystem to identify incubators that face challenges in securing funding ● Identify incubators that work in niche domains, with limited exposure to multiple sources of funding as this will ensure an exponential impact of the grant
Startup Selection	<p>Collaborative efforts between HDFC Bank CSR and selected incubators are crucial for identifying promising startups that align with the Program's criteria and objectives. By involving both parties in the selection process, HDFC Bank CSR can leverage the expertise and insights of incubators while ensuring</p>	<ul style="list-style-type: none"> ● Establish a joint selection committee comprising representatives from HDFC and partner incubators to collaboratively identify and evaluate promising startups.

Theme	Recommendations	Action items
	<p>alignment with the Program's overarching goals. The focus of HDFC's Parivartan SmartUp Program should be on supporting startups in the critical proof of concept and MVP to GTM stage of growth, where they transition from developing their products to scaling their businesses and reaching a broader market. By targeting startups at this pivotal stage, HDFC Bank CSR can improve the impact of its grants.</p>	<ul style="list-style-type: none"> ● This committee should develop standardised evaluation criteria for the evaluation of startups ● Develop a targeted outreach strategy to identify startups proportionately across all the startup stages of growth. However, funding is most needed at the proof of concept and minimum viable product stages
Sustained Funding	<p>While the initial grant may provide startups with valuable resources to kickstart their ventures, continued financial support is often necessary to navigate challenges and sustain growth over time. HDFC Bank CSR should explore avenues for providing follow-on funding, mentorship, and access to additional resources to support the ongoing development of the startups.</p>	<ul style="list-style-type: none"> ● Expand the funding cycle and consider year on year needs-based funding- a 'patient capital' approach will allow for greater impact generation than a one-time grant support
Regular Engagement with HDFC	<p>Increasing interaction and fostering meaningful partnerships between HDFC Bank CSR and participating startups is crucial for maximising the value of the Parivartan SmartUp Program. Beyond providing financial support, HDFC Bank CSR should actively engage with startups, where relevant, through mentorship, networking opportunities, and strategic guidance to help them overcome challenges and capitalise on growth opportunities. By establishing more touchpoints with startups and cultivating a supportive ecosystem, HDFC Bank CSR can position itself as a valuable partner in their journey towards success.</p>	<ul style="list-style-type: none"> ● Organise networking events, and roundtable discussions where startups have the opportunity to connect with HDFC Bank CSR representatives, industry peers, investors, and potential partners. ● Conduct regular check-ins and progress reviews with participating startups to assess their needs, challenges, and milestones achieved.

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