

BAOBAB CLEAN TECHNOLOGIES: ZEROING IN ON BUSINESS MARKETS

Harjot Singh wrote this case solely to provide material for class discussion. The author does not intend to illustrate either effective or ineffective handling of a managerial situation. The author may have disguised certain names and other identifying information to protect confidentiality.

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On February 6, 2021, Jeevanshu Soni observed the waves on the beach of Calangute district in Goa, India. Much like the unruliness of the waves surging toward him, he found himself in turmoil over the next steps for his company. Soni was a co-founder of Baobab Clean Technologies Pvt. Ltd. (Baobab), based in Gurugram, India, a company that facilitated the disposal process for old computers and electronics by consumer and trade channels. Baobab procured these products from various sources and then refurbished and sold them with a bundle of services such as point-to-point delivery, installation, warranty, and support. Despite the pressure that the company had experienced during the beginning of the COVID-19 pandemic, it appeared that the sales curve had started to grow and customers were turning to refurbished and used products to save on cost. Sensing an opportunity, Soni was contemplating how he could take the company to the next level of growth and make its presence felt as a nationally branded player in its segment.

As he looked out over the scene before him, Soni knew that the opportunity to capitalize on consumer interest in refurbished products might be brief, and that Baobab needed to act on it quickly. Baobab could approach the process of value creation and value delivery for its customers by working on a variety of functions: sourcing, refurbishing operations, and marketing. In particular, Baobab needed to choose between the distribution routes of direct selling, selling through resellers, or selling through aggregator platforms.

The direct selling route entailed huge investments in building the company brand and popularizing the company website through which selling would happen. If the company decided to sell through resellers, it would have to build a large network of resellers who would invest their working capital in buying products from the company and then selling them further. By using an aggregator model route, the products would be sold through aggregator platforms such as Amazon and Flipkart. Aggregator platforms usually did not have manufacturing or big warehousing capability. They simply created a domain to match the pricing and specification requirements of the sellers and buyers. Baobab would not be required to invest time and money in appointing resellers in the aggregator model. Soni also had the option of using a combination of the mentioned models of distribution.

He had to make a decision soon in order to transform Baobab into a brand of preference in the refurbished electronic goods space. It was the right time, as both the market and the company's revenues had started to grow. If Baobab did not make its presence felt right away, another company could easily take the coveted position of the most preferred brand in the space. What routes should the company take to reach the position Soni was aspiring to?



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ABOUT THE COMPANY AND ITS MANAGEMENT

Baobab was founded in September 2011 by Soni and Vinod Mohan Shenoy, who became the directors of the company. The company focused on the management of electronic waste and was, in simple words, an electronic waste recycling company. The company was named after the large baobab trees found in Africa, Australia, and also Asia. The flowers of the tree opened quickly around dusk in such a way that the movement could be detected by the naked eye, and faded by the next morning. The baobab was also known as the “upside-down tree” due to its appearance. This characteristic of the tree symbolized the reverse logistic arrangements that the company was seeking to implement.

Baobab had a strong management team whose industry experience provided excellent domain knowledge and thorough market understanding. Co-founder and director Soni was a graduate of the masters of business administration (MBA) program—specializing in marketing—from Panjab University and held an electrical engineering degree from Punjab Engineering College. He looked after the sales, marketing, and sourcing functions, as he had amassed over twenty-seven years of sales and marketing experience in the information technology (IT) and telecommunications sector. Soni’s counterpart, Shenoy, had similarly acquired an MBA from the Indian Institute of Management Lucknow after graduating in production engineering from the University of Mumbai. Shenoy’s MBA specialty lay in finance and operations, which was paired with his over twenty-one years of experience working in operational and entrepreneurial roles, both of which had led him to oversee Baobab’s finance and operations functions.

Baobab’s main focus was on recycling PCs and PC-related parts. The company operated a state-of-the-art refurbishment facility in which PCs and other electronic products were refurbished before being distributed to its customers. The label “refurbished” was, in fact, an umbrella term that referred to repaired products for resale. Many product dealers and manufacturers assured consumers that refurbished computers could be just as secure and reliable as new computers. However, buyers needed to do their due diligence and buy from a source they trusted.¹ Soni and Shenoy considered refurbished PCs a game changer in the marketplace, providing high value for the target customers. Their team’s strong process orientation enabled rapid scaling of the project in support of Baobab’s goal of becoming the preferred brand in the refurbished electronic goods space.

THE MARKET AND TRENDS

According to Baobab’s research, India had seen a surge in smart phone adoption with over 350 million users in 2017. However, PC adoption was still very low, with less than ten million PCs sold that year.² The refurbished goods market was a large and unorganized market in India, and was rapidly growing. This trend was fuelled by the diminishing product life cycles of smart phones from three or four years to a year or two.³ The disposal of IT and electronic products such as desktops, laptops, refrigerators, and air conditioners was a major problem faced by individuals as well as organizations. There was a high volume of these non-biodegradable products and the industry was fragmented. Disposers were not satisfied with the value they received for the products they sold, and the trade channels often had their working capital blocked in dead inventory. The disposal of such products happened primarily in urban metropolitan areas, whereas their

¹“Refurbished Computer and Laptop Market,” Transparency Market Research, December 2019, accessed June 28, 2021, <https://www.transparencymarketresearch.com/refurbished-computers-laptops-market.html>.

² Megha Mandavia, “HP Plans Entry into Refurbished Market in India,” *Economic Times* (English edition), September 24, 2018, <https://economictimes.indiatimes.com/industry/cons-products/electronics/hp-plans-refurbished-personal-computers-market-in-india/articleshow/65926027.cms?from=mdr>.

³ Devika Singh, “Amazon, Flipkart Eyeing Refurbished Goods Market in India: Will the Bet Pay Off?” *Financial Express*, January 25, 2020, <https://www.financialexpress.com/industry/technology/amazon-flipkart-eyeing-refurbished-goods-market-in-india-will-the-bet-pay-off/1834330/>.

consumption was found to take place in semi-urban areas and small towns. This market characteristic resulted in a demand and supply mismatch, where traders had no way of predicting either the supply situation or the input costs of refurbished products.⁴

The preferred channel for consumer durable products was neighbourhood resellers, who procured from the city and sold in towns or villages. Low-cost PCs ranging from ₹4,000 to ₹7,000⁵ were sold predominantly through off-line channels. The market for these products was concentrated in Tier-3 towns and other small places in India's less-developed regions such as the northeast, Bihar, eastern Uttar Pradesh, West Bengal, and Jharkhand. Cathode ray tube (CRT) televisions (TVs) still had a stable market in most states. Demand for refurbished smart phones, tablets, and PCs skyrocketed during the pandemic period, including 2020 and the first half of 2021, when most professionals and students were working from home. In addition, consumers were increasingly becoming budget conscious and aware of e-waste reuse during this period.⁶

The supply constraints during the pandemic led to delays in the availability of new mobile phones and laptops. Lower disposable incomes pushed the demand for refurbished phones to new highs with sales in 2021 estimated to be double those of 2019. Refurbished phones in the price range of ₹4,000 to ₹6,000 were particularly popular during the pandemic, and were often out of stock within less than thirty minutes in most outlets.⁷

OLX, a consumer-to-consumer online marketplace in the business of buying old products in India, announced that demand for pre-owned smart phones and laptops had dipped 14 per cent in March and April 2021, during the second wave of the COVID-19 pandemic, but had recovered completely by May 2021, when demand for tablets was at the year's highest level.⁸

THE BUSINESS MODEL

The founders of Baobab had observed that there was no strong brand with a national presence across India in the used electronics goods product category, and sought to create a prominent brand in the marketplace. Market research conducted by the company indicated that individual buyers preferred to buy electronic devices such as PCs and mobile phones online. Factors such as the proliferation of smart phones and availability of cash on delivery (COD) payment options had fuelled the demand for affordable used products.

Baobab's business model was established on the premise of safety and sustainability for electronic waste. The company sought to facilitate the disposal of old electronic goods with ease for consumers and trade channels, and aimed to provide reverse logistics across India for multiple product lines. The business model envisaged procuring used electronic appliances, devices, and components from various sources such as the online marketplace, retailers, enterprises, and households. Baobab would then refurbish and sell the procured products with a bundle of services such as point-to-point delivery, installation, and support, through both off-line and online avenues.

⁴ Jeevanshu Soni (founding director, Baobab Clean Technologies), in discussion with the case author, November 15, 2021.

⁵ ₹ = INR = Indian rupee; ₹1 = US\$0.013 on February 6, 2021; all currency amounts are in ₹ unless otherwise specified.

⁶ Barbara Jorgensen, "Perfect Storm Brewing for Refurbished Electronics Market," *Economic Times*, July 21, 2020, <https://www.eetindia.co.in/perfect-storm-brewing-for-refurbished-electronics-market/>.

⁷ Devina Sengupta, "Refurbished Mobile Phones Flying off Shelves in Pandemic," *Economic Times*, <https://m.economictimes.com/industry/cons-products/electronics/refurbished-mobile-phones-flying-off-shelves-in-pandemic/articleshow/85748561.cms>.

⁸ Himanshi Lohchab, "Second-Hand, Refurbished Market Recovers from COVID Blues, but Supply Challenges a Dampener," *Economic Times*, June 22, 2021, <https://telecom.economictimes.indiatimes.com/news/second-hand-refurbished-market-recovers-from-covid-blues-but-supply-challenges-a-dampner/83742673>.

SOURCING STRATEGY

Baobab sought to procure used products in all conditions and of any vintage, which it then sold in “as is” condition or as refurbished items. Baobab also sourced unboxed products, which were new but had been opened for various reasons; the manufacturer’s warranty was available on those products.

Baobab put a three-pronged sourcing strategy in place and sought to maintain consistency in its approach. It used online sourcing, off-line sourcing, and original equipment manufacturer (OEM) buyback programs to source products and components. The company used a quick, easy, and foolproof methodology to access the wide range of products being sourced, including computers, cell phones, TVs, and other electronic appliances.

Having developed long-standing relationships with online platforms, the company’s first approach was to establish a partnership with them to source products. As part of its second approach of having an off-line sourcing strategy in place, Baobab worked with large-format retailers in major cities with whom it had built long-term relationships and sought to sustain those relationships through ongoing initiatives. It also was seeking to expand the off-line network in many other Tier-2 and Tier-3 cities. The third strategic approach was related to executing buyback programs with large OEMs.

PRODUCTS

Baobab dealt in used laptop and desktop computers, liquid crystal display (LCD) and CRT TVs, cell phones, refrigerators, air conditioners, and some other electronic products (see Exhibit 1). The company kept thorough financial information detailing its spare parts business, including average procurement price, average repair cost, average selling price, gross profit, and gross profit margin of each product category (see Exhibit 2).

UNDERSTANDING VALUE

The founders understood that Baobab’s brand would be valued in the marketplace if the problems that the company was trying to solve were significant and the solution of those problems was important to stakeholders. The company sought to address the problems that stakeholders such as consumers, KTrade channels, retailers, and OEMs were facing. Disposal of electronic goods had always been a problem faced by almost all consumers in India.

Many large-format off-line retail stores, online retailers, and OEMs had realized the value of running buyback programs through exchange schemes. This created a big inventory of used products that such retailers and OEMs sought to dispose. However, Baobab’s founders realized that there was no player of scale in India that could carry out a nationwide buyback program, thus rendering one of Baobab’s key sales strategies ineffective.

On the demand side, rising aspirations and income levels in semi-urban areas and Tier-2 and Tier-3 towns had created demand for electronic products, including computers. However, the high prices of new products in this category kept buyers away. Buyers looked for affordable solutions and the most suitable option was to buy well-refurbished products. Small traders dealing in such products sprouted in semi-urban areas and small towns. Baobab scored over those small traders because it could give better prices due to its policy of buying used computers in bulk, and also because of the high quality of its refurbished products, which went through stringent quality-checking processes.

CREATING VALUE

The company sought to create value through its strong buyback infrastructure and excellent refurbishment capability.

Buyback Infrastructure

The company understood the dynamics of the used products market very well. It had anchored buyback programs with over three hundred retail store partners, and executed the buyback of more than 125,000 units across multiple product categories in Mumbai, Pune, Ahmedabad, Hyderabad, Lucknow, Kolkata, Bengaluru, and Chandigarh. The company had also partnered with OEMs and enterprise IT resellers for organization-wide, multi-location buyback of discarded IT equipment.

The company boasted a team with experience in working with partners for the buyback of IT equipment and other goods in the consumer electronics space. Its logistics infrastructure was strong and pan-Indian, and it had executed numerous transactions involving multi-city pickups.

Refurbishment Capabilities

Baobab had a well-equipped refurbishment facility with trained engineers and certified processes. The history of each device—from its source until the end of its warranty—was recorded. Every device was subject to a forty-point quality check and five-plus hours of remanufacturing processes, which included dismantling, upgrading, reassembly, and testing. The company promised uncompromised quality and reliability in performance.

DELIVERING VALUE

Baobab noted many instances where it delivered value to its customers. For instance, a leading private school chain's computer laboratory infrastructure was outdated, and it did not have the budget to buy new equipment. The schools in the chain bought refurbished solutions from Baobab instead, saving 60 per cent of the cost for new equipment. As a result, the schools did not need to increase their laboratory fee.

A reseller at Darbhanga in Bihar regularly stocked PCs from Baobab for small-time farmers who could not afford to buy new PCs. Another reseller in Jaipur, Rajasthan, bought refurbished TVs regularly from the company. A reseller in Fatehabad, Haryana, was able to grow his business by selling refurbished TV sets bought from Baobab. Another reseller in Jaigaon, West Bengal, who was also a teacher, bought laptops for their students to promote literacy. A senior doctor at Jawaharal Institute of Postgraduate Medical Education and Research (JIPMER) regularly bought devices from the company for their students in need.

VALUE PROPOSITION

Baobab offered multi-location pickup to product disposers and promised regular pickups and efficient pricing contracts. The company provided services to resellers related to product pricing and storage at Baobab's sites. It assured buyers of a supply of genuine products—backed by Baobab's terms of warranty for refurbished goods—at the required volumes and consistent pricing. The purchasing experience from Baobab carried a promise of convenience and a wide range of products at various price points. Professionalism was a hallmark of the company's services.

The company had many core competencies that resulted in value creation for its customers. It had strong experience in assessing, upgrading, and bundling used products. Baobab was working on an assessment

technology that could remotely assess the functional and aesthetic conditions of used products and provide an automated instant price quote. The logistics network of the company was strong and it had executed successful buybacks from three large OEMs.

POSITIONING

The Baobab brand's unique positioning in the marketplace stemmed from the company's strategy of sourcing electronic equipment and appliances from appropriate places, and its high involvement in all facets of e-waste handling: refurbishing, reuse, and recycling.

The company positioned its brand for mainly four types of customer segments: individual buyers, small and medium enterprises (SMEs), educational institutions, and resellers who preferred to buy off-line. Individual buyers were generally online savvy, and typically were from Tier-3 or Tier-4 towns. Their main criterion for a buying decision was affordability. SMEs bought products generally for data entry and administrative tasks. Educational institutions used refurbished computers in their laboratories and training centres and for testing purposes. Resellers sold to individuals and also to SMEs, educational institutions, and other organizations.

The relevance of a player in the used goods market was based on the volume of waste it handled. To achieve the desired scale of operations, it was necessary for the player to focus on the three Rs—namely, refurbishment, reuse, and recycling. A company that took only the refurbishment approach would focus only on fast-selling and current models, which limited the procured inventory and growth potential. A company that focused only on reuse would concentrate on extracting only the working components from old products, thus increasing the procurement cost. A company that focused only on recycling would aim to lower the asset costs, which was not always possible and hence made operations unviable. Baobab decided to focus on each of the three Rs. The company was rated among the top ten most promising e-waste companies in India by *Siliconindia* magazine in 2017.⁹

DISTRIBUTION MODEL

Baobab offered its products to customers both online and off-line. The company sold small appliances, electronic products, and components through existing online platforms such as eBay, ShopClues, and Amazon. It had succeeded in achieving high ratings by sellers on the eBay and ShopClues platforms, and a large number of customers purchased more than once.

Baobab distributed its products through a network of off-line resellers in the states of Haryana, Uttar Pradesh, Rajasthan, and some parts of Bihar and West Bengal. It had built the network using its resources in the field. The company also reached out to SMEs directly through its field representatives with the help of lead generation engines.

Baobab operated a website for online sales to retail customers as well as its business-to-business customers, including resellers, institutions such as schools and colleges, repair shops, and small commercial firms. The website's competition was from some other marketplaces, but most of them focused only on the sale of refurbished mobile phones. Some players in the refurbishing market were operating from single locations. The supply of spare parts was quite inconsistent and there was a lack of genuine and certified spare parts.

⁹ "10 Most Promising E-waste Management Service Providers—2017," *Siliconindia*, August 2017, <https://enterprise-services.siliconindia.com/ranking/ewaste-management-service-providers2017-rid-211.html>.

The website offered a platform where buyers and sellers transacted and also exchanged information. Sellers could dispose of not only old devices but also any surplus stock. The website also enabled repair shops to source components. It offered a compelling value proposition to all stakeholders.

An end-user who bought a refurbished electronic product typically lived in rural India or some town in the Tier-2 or Tier-3 category. In India, the eight metropolitan cities—namely, Mumbai, New Delhi, Kolkata, Chennai, Bengaluru, Hyderabad, Ahmedabad, and Pune—were included in Tier-1 and small developing towns fell into Tier-3. Tier-2 consisted of the cities which were somewhere in the middle in terms of size and development. There were more than 100 Tier-2 cities in India. Baobab estimated that the cost of electronic products end-users typically bought was in the range of ₹8,000 to ₹15,000, and that they preferred to buy off-line from a local reseller for reasons of trust and service. It believed that the end-user wanted the reseller to be accessible in case of faulty or damaged products. Since the products were not standardized, it was difficult to compare them online. The end-user liked to touch and feel the products before buying them and also preferred to pay through off-line modes.

Tech-savvy resellers wanted to source refurbished products online and compare products, when choice was available. They wanted to be competitive in the market and earn a moderate profit. Repair shops that looked for components wanted an assurance of genuineness and were concerned about the timely availability of spare parts. They were less price-sensitive than resellers.

COMPETITION

The Indian companies Cashify and Budli Internet Pvt. Ltd. operated in the country's refurbished products market, but their cost structure was very high. Their acquisition costs from disposal customers were also high and their products did not fit into the market.¹⁰

The companies ReNew IT Group and Reboot also operated a business-to-consumer marketplace model in the refurbished goods category. However, their customer acquisition costs were also high. These companies had long liquidation cycles and had made huge investments in brand building, which increased the cost structure further. They also offered limited choice to end-users, who preferred to buy off-line.¹¹

Marketplaces such as ShopClues and Amazon were next in the category of competing companies. The customer acquisition cost was high in their case too. These companies were known for low product-to-market fit and poor after-sales support. They sought COD payments. These companies were not attractive to resellers. They sold only devices and not components, and did not offer a value proposition to repair shops.¹²

Marketplaces such as Flipkart's 2GUD.com, Amazon Renewed, and QuikrBazaar also offered refurbished products. Flipkart's 2GUD.com listed 2.5 million products in 2020, out of which 3–4 per cent were refurbished products. The sales of mobile phones, laptops, and tablets generally went up to 150 per cent of pre-COVID levels when the lockdown began in 2020.¹³

Alibaba, a formidable player in the market, had two refurbished goods marketplaces under its umbrella: Idle Fish and Xianyu.¹⁴

¹⁰ Soni (founding director, Baobab Clean Technologies).

¹¹ Soni (founding director, Baobab Clean Technologies).

¹² Soni (founding director, Baobab Clean Technologies).

¹³ Sangeetha Chengappa, "Refurbished Electronic Products See High Demand Ahead of Festive Season," *Business Line*, September 1, 2020, <https://www.thehindubusinessline.com/info-tech/refurbished-electronic-products-see-high-demand-ahead-of-festive-season/article32498567.ece>.

¹⁴ Singh, "Amazon, Flipkart Eyeing Refurbished Goods Market in India: Will the Bet Pay Off?"

THE CHALLENGES

Baobab faced a wide range of challenges. With respect to competition, Baobab needed to differentiate itself. The company had conducted some market research to identify which attributes buyers generally looked for in refurbished products. One of the major findings was that buyers sought assurance about the quality and durability of refurbished products. The company started offering a six-month warranty on all its products. This element of Baobab's value proposition for its products was unique as most of its competitors offered a limited fifteen-day warranty. It helped significantly improve brand, channel, reseller, and consequently marketplace equity.

Channel equity referred to the reputation for providing superior value that a company had earned among resellers. Reseller equity referred to the reputation for providing great value in some way or another that resellers had earned among customers (e.g., in terms of delivery or credit, or through installation benefits). Marketplace equity referred to the reputation for providing great value that a company and the resellers together had earned among end-users. In this way, the brand equity of a company in the marketplace—sometimes simply referred to as marketplace equity—was built by a combination of the reputation of the company among its resellers, and the reputation of its resellers among their end-users.

Another challenge Baobab faced was related to logistics. On one hand, the company needed to minimize the costs involved in transportation. On the other hand, it needed to ensure damage-free transit arrangements. It also needed to ensure that products were available as and when required. The channel partners located in rural areas needed a consistent supply of products in order to widen the market.

To improve servicing to the end-user, resellers required a consistent supply of spare parts. They sought genuineness in the parts, as the market was generally flooded with fake spare parts or those of very poor quality. Baobab realized that genuineness of spare parts was another element that it needed to build into the value proposition and communicate clearly to the target market. Accordingly, the company developed a procurement strategy and also put in place rigorous testing procedures for spare parts. These testing procedures enabled the company to certify the spare parts as fully functional. It also developed a spare parts inventory system that was wide as well as deep. This positioning gave the company an advantage over the competition, while most competitors did not offer a warranty for spare parts or a commitment that spare parts would be functional.

THE PREDICAMENT AND THE PATH AHEAD

Soni was wondering how the company should move to the next level of growth. The previous year had been challenging for many companies around the world. The COVID-19 pandemic had led to many deaths across the globe, and had created an environment of misery and fear. Widespread lockdowns had led to recessionary conditions.

There was, however, a silver lining for Baobab. The company's sales had picked up after the lockdown began in India in July 2020. The main reasons for the sales growth seemed to be related to a decrease in the purchasing power of individuals, institutions, and companies. To save on costs, customer segments resorted to purchasing refurbished and used products, instead of new items. It was important for the company to move to the next level of growth to make its presence felt as a national brand player in its segment. Baobab could attract possible investment through equity and debt only if it reached a critical mass.

Soni considered three main options for growth. First, Baobab could grow organically or acquire local companies to increase collaboration efforts. It could also expand the direct selling model. Soni wondered if the company had enough resources to recruit and retain a reasonably large number of direct sales representatives to add to the small field force already working for it—the company's salary expense would

definitely increase. But to initiate any of these approaches, it first needed to increase its revenues, which would depend on a number of factors, some of them beyond its control. He wondered if this first option was the best route to take.

A second option was to further build the channel route. Fixed costs would not increase—Baobab would only have to pay commissions for additional sales to the channel. This seemed a safer and quicker route. The company would have to create and communicate appropriate channel positioning, seeking feedback from existing resellers regarding the desired value elements.

Soni felt that Baobab could focus on increasing its presence in business markets such as institutions, SMEs, non-governmental organizations, and the dealer networks of many organizations. The business market was more profitable for the company than the consumer market. It was also easier to enter into such accounts and the order size was also much bigger than that of consumer markets. Channel partners also had experience in selling to such markets and could further penetrate them.

Soni thought that the company would have to work toward building and sustaining marketplace equity. Marketplace equity would depend on the company's channel equity and the channel partners' reseller equity. He wondered how Baobab should build channel equity through appropriate channel positioning. He also knew the company would have to help channel partners build reseller equity. Only then would the company succeed in building a high level of marketplace equity to meet its objectives.

Channel capability had to be built up substantially through policies and programs. Soni wondered which policies the company should frame and which measures it should take in order to guide channel partners in this direction. He understood that the company needed to work on certain elements that could enhance the value of its offerings to channel partners, including a high level of promotional support, responsive systems and processes, intensive training, prompt technical assistance, favourable company policies, and quick sharing of relevant market research findings. He wanted to learn if there were other capability-building programs and elements to enhance reseller equity and hence the company's marketplace equity.

The third option available to Baobab was to focus on the aggregator model by working closely with platforms such as Amazon, eBay, and ShopClues. The options of selling directly and through the channel partners could be shelved in this case. The need to build the company brand would also be somewhat reduced. However, it seemed that the company would not be able to create an independent identity. The brand equity of the company would remain at a low level and would not expand further.

EXHIBIT 1: FINANCIAL DETAILS OF BAOBAB CLEAN TECHNOLOGIES PVT. LTD. FOR REFURBISHED PRODUCTS

Product	Average Procurement Price (₹)	Average Repair Cost (₹)	Average Selling Price (₹)	Gross Profit (₹)	Gross Profit Margin
Laptops	5,000	1,850	12,000	5,150	43%
Desktops	1,000	1,300	4,500	2,200	49%
LCD TVs	4,000	1,500	8,000	2,500	31%
CRT TVs	700	50	1,200	500	41%
Cell phones	2,000	1,000	4,500	1,500	33%
Refrigerators	1,200	2,000	7,000	2,800	40%
Air Conditioners	4,000	2,000	9,000	3,000	33%
Others	1,000	100	1,800	700	39%

Note: ₹ = INR = Indian rupee; ₹1 = US\$0.013 on February 6, 2021; LCD TV = liquid crystal display television; CRT TV = cathode ray tube television.
Source: Company documents.

EXHIBIT 2: FINANCIAL DETAILS OF BAOBAB CLEAN TECHNOLOGIES PVT. LTD. FOR SPARE PARTS

Product	Average Procurement Price (₹)	Average Selling Price (₹)	Gross Profit (₹)	Gross Profit Margin
Laptops	2,200	4,000	1,800	45%
Desktops	800	1,500	700	47%
LCD TVs	1,000	6,000	5,000	83%
CRT TVs	300	800	500	63%
Cell phones	800	2,000	1,200	60%
Refrigerators	1,600	3,500	1,900	54%
Air Conditioners	4,000	9,000	3,000	33%
Others	300	1,500	900	60%

Note: ₹ = INR = Indian rupee; ₹1 = US\$0.013 on February 6, 2021; LCD TV = liquid crystal display television; CRT TV = cathode ray tube television.
Source: Company documents.