

iStreet Network Limited

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New FDI policy in eCommerce to Benefit Smaller Businessmen of India

- **Marketplace defined**
- **Aims to create a level playing field**

The Central Government, by virtue of a press release dated 29th March 2016, provided guidelines for Foreign Direct Investment (FDI) in eCommerce. Through the said press release, two models of eCommerce have emerged i.e. Inventory based model and Marketplace model.

Inventory based models are applicable to those eCommerce entities that own the inventory of the goods and services and sell them to the end consumers directly. Here, there are two parties involved i.e. seller and buyer. Whereas Marketplace model of an eCommerce entity is defined to act as facilitator between buyer and seller, by providing the information technology platform. Marketplace model has three parties involved i.e. seller, facilitator and buyer. This essentially means that the eCommerce marketplaces strictly act as a technology mediator and do not hold any inventory.

There are few important aspects of the said guidelines:

- i. The press release categorically states that “marketplace will not directly or indirectly influence the sale price of goods and services and shall maintain a level playing field.”
- ii. Such marketplace will not permit more than 25% of the sales affected through its marketplace from a single vendor or their group companies.
- iii. It also directs such marketplaces (electronically website driven) to clearly provide name, address and other contact details of the seller.

These conditions shall expand the opportunity for participation of large number of small sellers and companies shall become ‘marketplace’ in real sense.



Mr. Pradeep Malu, Managing Director of iStreet Network Limited, commented on the new guidelines saying that “These guidelines have provided much needed clarity on respective roles and responsibility of different eCommerce players. It is a welcome step for all those who believe in fair competition and ethical conduct of business. We believe that if this policy is implemented in letter and spirit, it will provide a better operating environment, boost the confidence of small businessmen and provide greater sustainability to the eCommerce sector”

He added, “Our *iStreet Bazaar* model is purely inventory based model where brands, manufactures and SMEs supply their inventory to us for marketing and distributing. Off late, these local Indian brands were facing huge competition from major eCommerce players. They were unable to compete with price undercutting and unfair discounting practices. As these new guidelines promote fair competition, we believe that opportunity doors will open wide for small manufacturers to participate and leverage the benefit of eCommerce. We are well poised to connect these small manufacturers to a huge population across India that has no access to Internet.”

For iStreet Network Ltd.



Ruchi Seksaria
Company Secretary



About iStreet Network Limited:

iStreet Network Limited is based in Mumbai and operates in 'Internet & Catalogue Retail' segment. It is first 'Internet Retailer' of India. It is setting up 'iStreet Bazaar Internet Retail Stores', across India to take benefit of eCommerce to common people of smaller town & villages. iStreet Bazaar through it's world class platform and network stores offers thousands of products at extremely competitive prices so that customers in smaller towns and villages can easily buy products which otherwise won't be available in their area. iStreet Bazaar eliminates payment related issues that arise when transacting online. It also puts a face to the online transaction since the customers will be transacting at a store with a person behind the counter. This increases the level of trust that is necessary during any online purchase. In the Indian scenario this definitely becomes a big advantage for the customers since trust is one of the key factors in the adoption of eCommerce. For more information please visit www.istreetnetwork.com or write to us at info@istreetnetwork.com

Safe harbor statement

Statements in this document relating to future status, events, or circumstances, including but not limited to statements about plans and objectives, the progress and results of research and development, potential project characteristics, project potential and target dates for project related issues are forward-looking statements based on estimates and the anticipated effects of future events on current and developing circumstances. Such statements are subject to numerous risks and uncertainties and are not necessarily predictive of future results. Actual results may differ materially from those anticipated in the forward-looking statements. The company assumes no obligation to update forward-looking statements to reflect actual results changed assumptions or other factors.

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