

iStreet Network Limited

CIN L51900MH1986PLC040232

513, Palmspring, Above Croma, Link Road, Malad West, Mumbai 400064

Tel.: +91-22-42576767 Email: info@istreetnetwork.com

Website: www.istreetnetwork.com

istreet

Release –June12, 2017

iStreet Network: Re - Engineering Retail

iStreet Network Ltd. (BSE: ISTRNETWK) is India's 1st Internet Retail Store Company. At our Board Meeting held on May 30, 2017, the audited financial results for the quarter and financial year ended on March 31, 2017 were approved. Our investors and stakeholders may review the full audited financial results that are published and are also available on the Company's website www.istreetnetwork.com.

Key highlights of the Company's performance for FY 2016-17 are as follows:

Particulars	FY 2016-17	FY 2015-16
iStreet Bazaar Stores	13,242	5,756
GMV* (Rs. in lakhs)	3,487.26	1,837.95
No. of transactions (in lakhs)	28.52	18.72
Loss(in lakhs)	365.75	289.60

*GMV- Gross Merchandise Value

Majority of the growth as reported above was in the first two Quarters (Q1 & Q2) of FY2016-17. In November 2017, PM Narendra Modi's bold move to demonetize Rs. 500 and Rs. 1000 currency notes has been a welcome step considering the fact that it will help in curbing black money, hawala and many such issues affecting our country's economy adversely. This triggered a major shift in our current business scenario where 90% of the retail happens through Mom & Pop stores without the presence of digital money transactions. It impacted our business which dropped substantially in Q3 and Q4. In order to work in the line with PM Modi's vision and initiative of 'digital India', we took steps to redefine our business process and strategy and started investing money to build technology and processes which would enable us to grow faster in the changed environment in a long run and large resources were committed for this purpose. However, we have not been able to raise resources in any substantial manner.

Raising the resources for funding its business from prospective investors became further difficult for the Company since it has been classified into the Graded Surveillance Measure (GSM) list by BSE. The criteria of classifying the Company into GSM and into Stage 2 now are not very clear to us.

The company has been investing huge resources in developing technology, infrastructure, marketing, business process and fulfillment over the last three years. Since it is an innovative process of Retailing where the company orchestrates 3rd party physical retail stores with virtual inventory, the business model requires continuous investments till it reaches the breakeven point and turns profitable. Accordingly, the company had planned to raise over Rs. 100 cr. for the project. However, it failed to do so and it being a publicly traded entity, it has very limited ways to raise money within the given regulatory and investment environment. The impact of such move by BSE has led to a complete



'roadblock' in terms of raising of additional capital and thus new fund raising has becoming an extremely challenging and a daunting task. This is adversely impacting our business.

Outlook:

In view of the above, starting from FY2017-18, we have shelved all our investment plan in technology, marketing, fulfillment and other infrastructure, cut down the team size and paused our growth plan of 'new age business' of Internet Retail. The direct impact of this shall be on the business which is expected to slow down drastically. For the time being, the company has to realign its business strategy and focus on 'profitability' rather than growth.

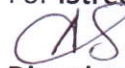
In the matter of classifying the company into GSM list and restricted free tradability of shares on the Exchange, the company has made representations to the Exchange.

We continue to believe that the concept of Internet Retail store is an exciting space for huge Indian population where we carry the first mover advantage and we look forward for your belief and unflinching support in this unique project which has helped us grow so far. We are excited with the impact that we can create in the life of common people of India with iStreet Bazaar stores. iStreet Bazaar's local assistance in the urge for digitization will continue to play a vital role for last mile consumers and to fulfill the dream of PM Modi of 'digital India'.

Investor Guidance:

The company believes building a healthy investment environment and support the endeavour made by the regulatory authorities and BSE by bringing in GSM. In order to understand the risk of investing in the company, the company has created a section on its website titled – 'Investor Guidance' - http://istreetnetwork.com/wp-content/uploads/2017/05/Risk-factors_iStreet-Network-Ltd_Final.pdf. We expect our investors and potential investors to read this section carefully before investing to understand the related risk of investing in the company. This is a unique section we have created to bring in more transparency with our investors.

For iStreet Network Ltd.,


Dipankar Basu

Company Secretary



About iStreet Network Limited

iStreet Network Limited is based in Mumbai and is listed on the Bombay Stock Exchange. It's mission is to simplify and deliver eCommerce to the last mile of India. It operates in the 'Internet & Catalogue Retail' segment and has successfully incubated it's Internet Retail Store project through it's network of iStreet Bazaar. For more information log onto www.istreetnetwork.com or www.istreetbazaar.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.