

iStreet Network Limited **30th Annual General Meeting**

CHAIRMAN'S SPEECH

Dear Shareholders,

Good morning Ladies and Gentlemen, I have great pleasure in welcoming you to the 30th Annual General Meeting of the Company.

The unique and out of the box concept of 'Internet Retail' was launched in January 2014. Our company is among the first to empower the local mom & pop store (Micro & Small Retailers) and thereby create its own brand of internet retail stores called 'iStreet Bazaar'.

The impact of iStreet Bazaar is seen at a large number of small retailers that can offer and sell thousands of products even with constraints like smaller shelf space, limited capital to invest, and no risk appetite. During the year, your Company has signed up a total of 13,242 stores as on March 31, 2017 as compared to March 31, 2016.

We have rolled out iStreet Bazaar project to enable millions of small retailers and provide them with enhanced supplier base and product range, better supply chain productivity, digital payment capability, connectivity to customers and credit capability. We believe that this initiative will be a driver for economic growth by enhancing business potential for millions of small retailers.

We are committed to deliver superior shopper and customer experience across all our physical and ecommerce platforms in a seamless manner. True customer value lies in converting "Footfalls" to "Happy Hearts" so that all our shoppers in the physical formats and e-commerce are engaged and delighted with "iStreet Bazaar", in a seamless manner.

The Financial year 2016-17 has been an eventful one. We have witnessed several economic and social developments in our country. The Prime Minister's bold move on demonetisation has been a welcome step considering the fact that it will help in curbing black money, hawala and many other such issues affecting our country's economy adversely. However, demonetisation has impacted our business in a big way due to which there was a substantial drop in business in Q3 and Q4 of FY 2016-17. This is due to the nature of business in which the Company operates in where 90% of the retail happens through Mom & Pop stores without the presence of digital money. However, in order to work in the line with PM Modi's vision and initiative of 'digital India', we have taken 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. However, we have been unable to raise resources in any substantial manner in order to support our investment plans. And consequently, the growth got impacted adversely.

The Company has been placed in Graded Surveillance Measure (GSM) list by the BSE since March 2017. GSM restricts free tradability of shares on the stock exchange. Fund raising has become impossible due to GSM and its subsequent classification which has affected the overall business and financial health of the Company right from the start of FY 2017-18. Since the regulatory authorities or the Exchange did not provide any notice to explain our nature of business prior to placing us in this GSM list the same is arbitrary and unreasonable. The same has caused undue hardships and losses to all of you. However, it is important to note that GSM restricts the tradability of shares only and thus not in any case reflect upon any deficiency in the business model or non-compliance in the Company. In this matter of GSM we have made several representations to the Exchange. In the

same way it is important for you to represent as shareholders of the company to BSE and SEBI in order to explain your thought about the company and its project which is absolutely contrary to the thought of the regulatory bodies.

In view of the above, starting from FY2017-18, we have shelved all our investment plan in technology, marketing, fulfilment 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.

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 fulfil the dream of PM Modi of 'digital India'.

As a company we are aggressive yet humble; futuristic yet grounded; technology- driven yet people oriented. We will be one of the pioneers of the internet enabled services industry in India and we will continue to strengthen our positioning in this space.

My sincere thanks to our valued customers, suppliers, bankers, financial institutions and our shareholders for the trust and confidence reposed in the Company. My special thanks and deep appreciation go to the employees of the Company at all levels for their hard work, dedication and continued commitment. I also would like to place on record many thanks to my colleagues on the Board for their valuable guidance and contributions.

Thank you for your kind attention.

With warm regards,

Pradeep Malu
Managing Director

Note: This does not purport to be a record of the proceedings of the 30th Annual General Meeting of the Company.