iStreet Network Limited

Investor Presentation
Q3FY16

January, 2016

Safe Harbor

This presentation and the accompanying slides (the "Presentation"), which has been prepared by iStreet Network Limited (the "Company"), solely for information purposes and do not constitute any offer, recommendation or invitation to purchase or subscribe for any securities, and shall not form the basis or be relied on in connection with any contract or binding commitment whatsoever. No offering of securities of the Company will be made except by means of a statutory offering document containing detailed information about the Company.

Our actual results may differ materially from those included in this presentation for a variety of reasons, including, but not limited to - changes in political, business, and economic conditions; foreign exchange rate fluctuations; the impact and integration of recent and future acquisitions; our need to successfully react to the increasing importance of mobile payments and mobile commerce and the social aspect of commerce; an increasingly competitive environment for our businesses; the complexity of managing an increasingly large and growing enterprise, with a broad range of businesses; our need to manage regulatory, tax and litigation risks (including risks); and our need to timely upgrade and develop our systems, infrastructure, and customer service capabilities at reasonable cost while maintaining site stability and performance and adding new products and features.

This presentation also contains product demonstrations (or reference to such new products), some of which are conceptual and may not be developed or launched in the same form, with all of the same features or at all.

The Company assumes no obligation to update any forward-looking information contained in this Presentation. Any forward-looking statements and projections made by third parties included in this Presentation are not adopted by the Company and the Company is not responsible for such third party statements and projections..

Red Ocean v/s Blue Ocean in eComm

istreet

Red Ocean

- *Small Customer base – just 3 cr*
  Despite Internet population over 35cr
- *Intense Funding – Tiger + Amazon +*
  Softbank / Alibaba = USD$5-6 bn
- *Product Discounting*
- *Share of Voice game*

Blue Ocean

- ***Uncontested*** *market space*
- *Competition – only off line/*
  unorganized retailers
- *Capturing large customers base ~70 cr*

Buying Online – Challenges in India

Huge - 97% population – can't buy ONLINE

Challenges:

No Internet means no eCommerce

Trust Deficit (<10% of Internet population buy online)

Fear of trying new ways

Computer Literacy

Payment methods – credit card penetration low, COD an expensive way

istreet

As an opportunity

to simplify eCommerce for common people of India

We innovated

a highly disruptive and addictive eCommerce model for India that solves the problem of 'Access of Internet' and 'Trust'

By Empowering Moms and Pop Stores

istreet

14million stores

Convenient Neighbour hood Store

Driven by trust & Quick response

Low operational cost

We created - Internet Retail Stores

istreet

iStreet Bazaar is an

Internet Retail Store

in a neighborhood

where a common man

can buy products,

ONLINE (with assistance)

http://www.istreetbazaar.com

And We Executed & Scaled

✓ Started executing in **January, 2014**

✓ Scaled the concept – set up **4,028 Stores** in ~ 712 towns
  • **Profile of NPs** – General Retail Stores, Apparel Stores, Recharge & Consumer Services Centers ……..

✓ Acquired ~3 lacs consumers

✓ Average **6,000 transactions** per day in Q2FY16

✓ Sold and Delivered - **Products from various categories** like Home Appliances & Electronics, Home Decor, Bathroom & Laundry, Home Utility, Home Textile, Kitchen small Appliances, Grinders, Blenders & Juicers, Storage & Containers, Cookware, Mobile, Laptop and computer, Accessories, Memory Devices, FMCG, Fashion products, cameras etc.

And Delivered Value

To Consumer:

Access to products & prices beyond neighborhood

A comfort of Trust – local neighborhood store

Ease of Payment method

To Network Partners:

Incremental Revenue

No Investments

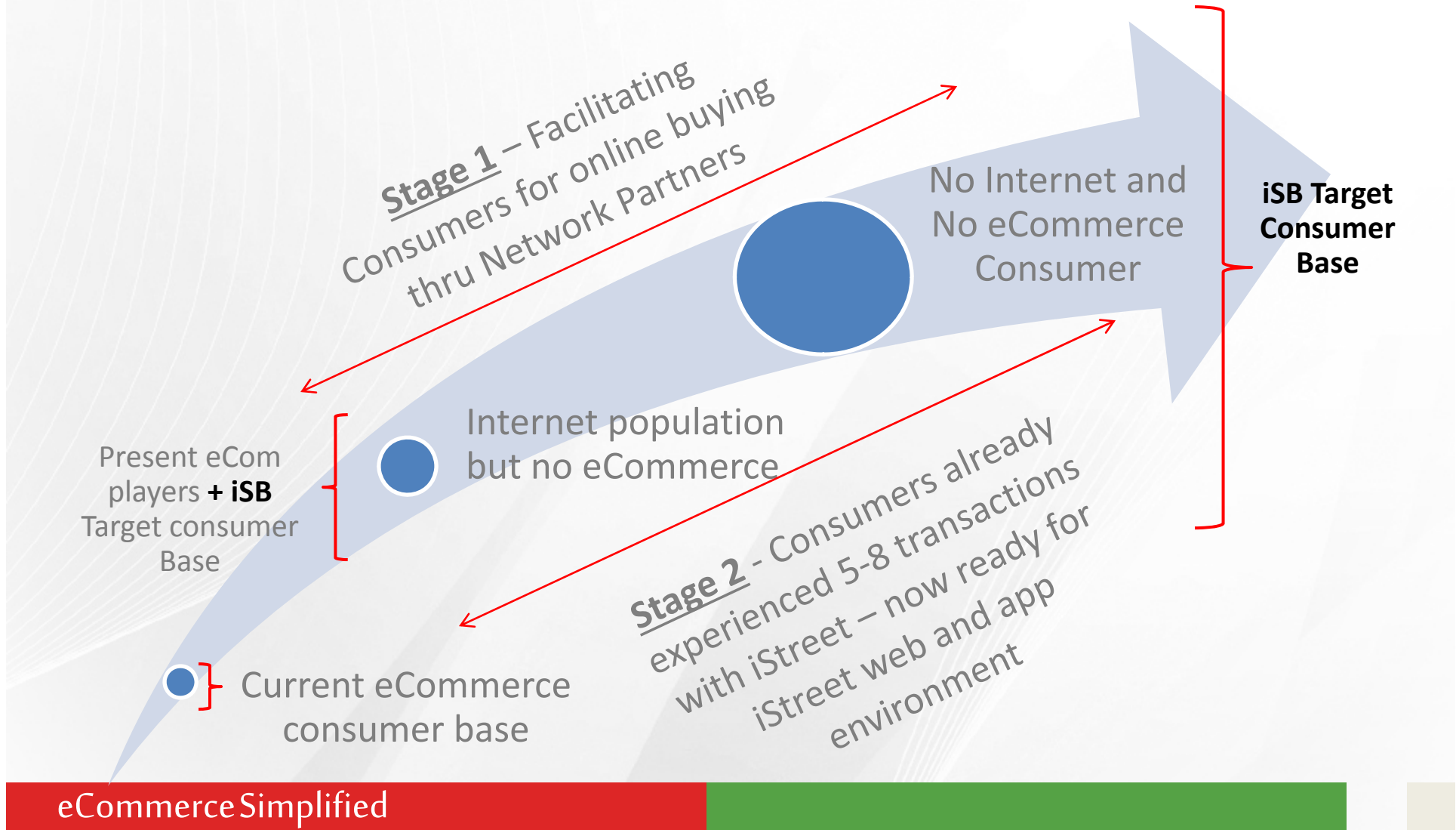A futuristic business

Incremental footfalls in the Store

Our Model - Disruptive & Addictive

For a Consumer:

- *It disrupts existing buying process*

- *Addictive – consistently HIGH impulse deals driving HIGH repeat rate*

Our Model - Disruptive & Addictive

istreet

Stage 1 – Facilitating Consumers for online buying thru Network Partners

No Internet and No eCommerce Consumer

iSB Target Consumer Base

Internet population but no eCommerce

Present eCom players **+ iSB** Target consumer Base

Stage 2 - Consumers already experienced 5-8 transactions with iStreet – now ready for iStreet web and app environment

Current eCommerce consumer base

eCommerce Simplified

istreet

Social Impact

Changing lives of the millions

- Opportunity for person with basic education with tacit skills and knowledge

- **One in every six** NPs are job seekers, who turned self employed

- Easy to start with extreme low risk & low investment

- Spreading awareness, training, impact of using technology to **15 crore people** today; Potential to spread to **70 crore people** of India in next 3 years

- Woman entrepreneurship; Second income opportunity in households – next gen

Changing lives of the millions

- Common People of India can access world market
- Technology illiteracy no more a limitation
- Trust deficit bridged using human capital
- Leveraging benefits of technology to the last mile
- Social impact and progress by creating business opportunity and micro economies

Q3 FY16 Performance
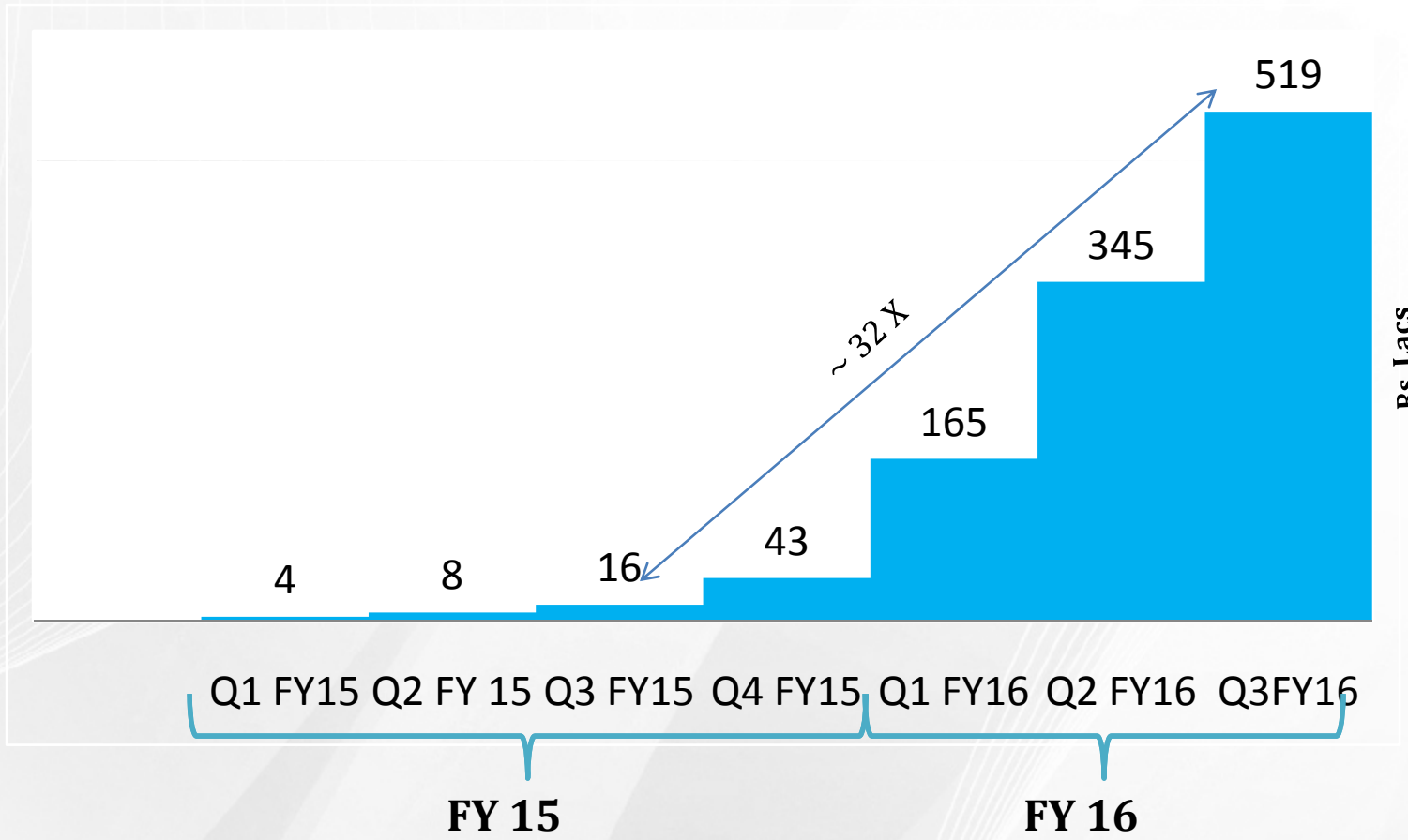
GMV and Gross margin Growth

istreet

Particulars	9 months Ended	Q-3	Q-2	Q-1
				(Rs. In Lacs)
GMV	1,050.17	539.68	345.44	165.04
COGS	1,014.62	512.73	340.21	161.68
Gross Profit	35.55	26.95	5.23	3.37
GP (in %)	3.39%	4.99%	1.51%	2.04%

➢ GMV increased by 56% vs. Q2
➢ Gross Margin increased to 5%

GMV Growth

istreet

Gross Merchandize Value (GMV) grown 1.5x in Q3FY16
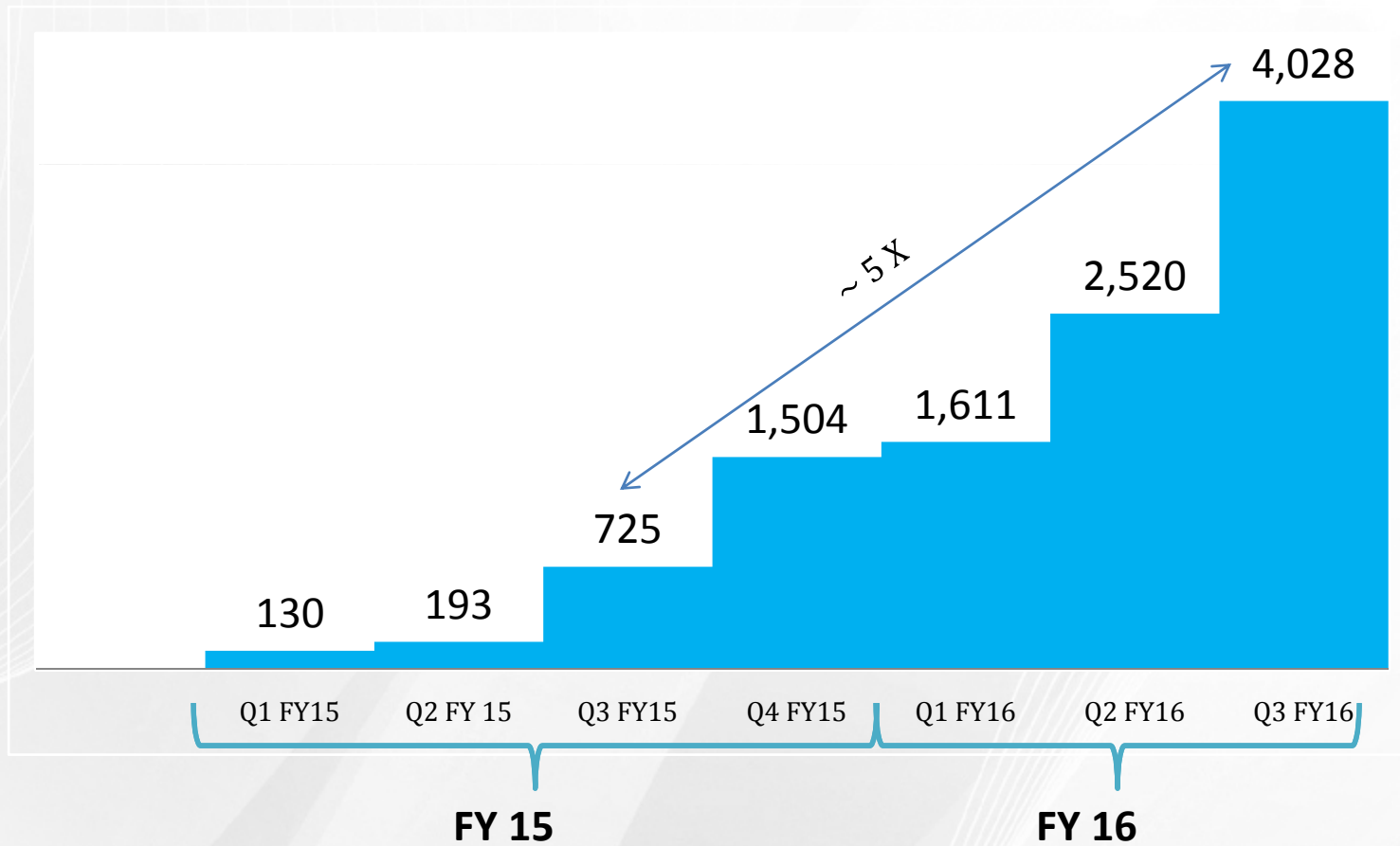Grown from 345 lacs Q2FY16 to 519 lacs Q3FY16.

519

345

~ 32 X

165

43

4   8   16

Rs. Lacs

Q1 FY15 Q2 FY 15 Q3 FY15 Q4 FY15 Q1 FY16 Q2 FY16 Q3FY16

FY 15   **FY 16**
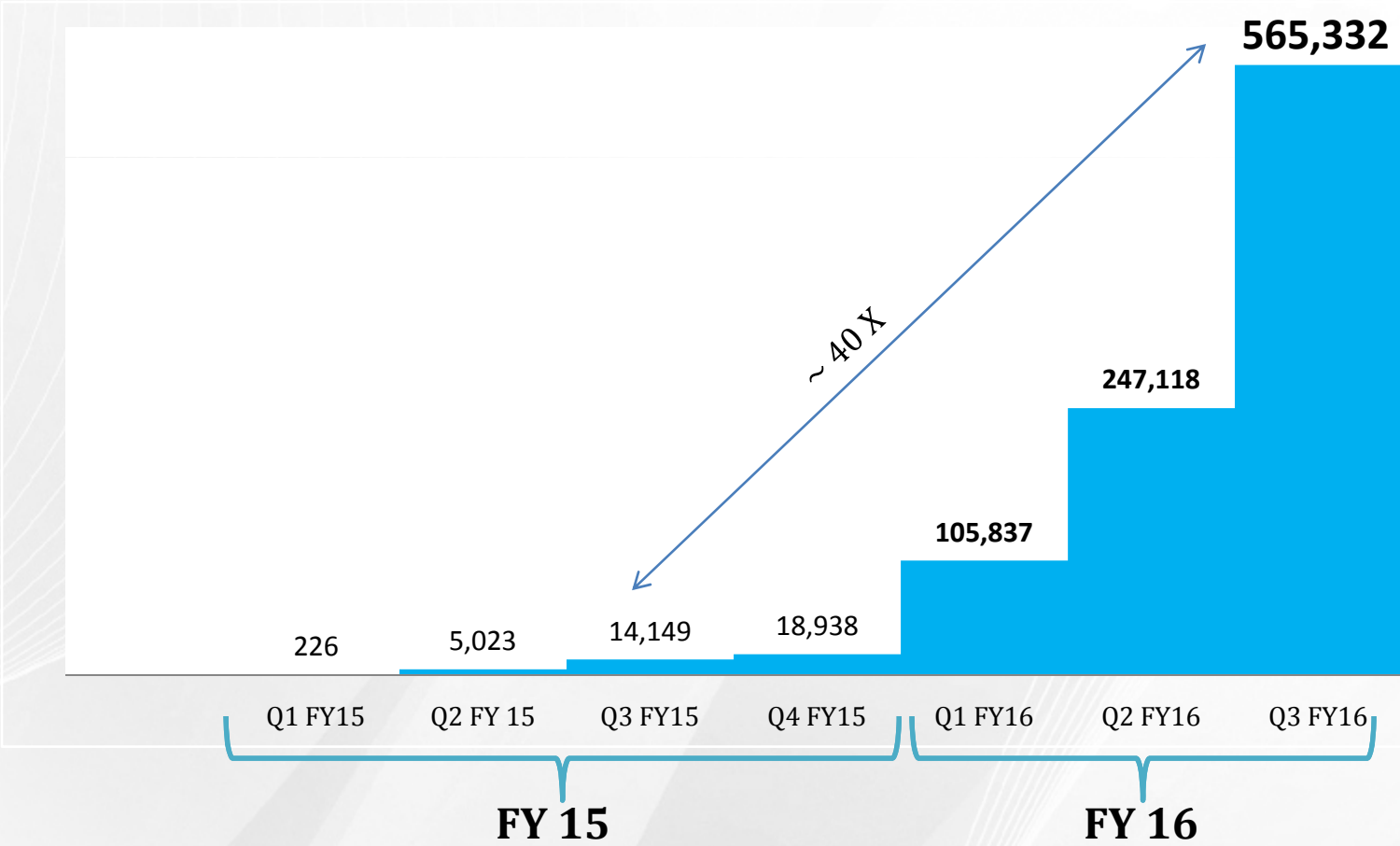
Network Growth

Added 1,508 new iStreet Bazaar stores in Q3 FY 16
Adding technology to Mom & Pop Stores

130	193	725	1,504	1,611	2,520	4,028
Q1 FY15	Q2 FY 15	Q3 FY15	Q4 FY15	Q1 FY16	Q2 FY16	Q3 FY16

~ 5 X

FY 15 **FY 16**

Reaching Every Where

istreet

States	Store count
Gujarat	1,291
Maharashtra	1,142
Rajasthan	1,345
Madhya Pradesh	212
Chhattisgarh	34
Haryana	4
Total	**4,028**

eCommerce Simplified

istreet

FY16 target of 4,000 Stores

already achieved

in Q3 itself

istreet

iSB Services Now Launched

Mobile Recharge

DTH Recharge

Airline Tickets Booking*

Bus Tickets Booking*

Movie Tickets Booking*

Locate Store

New Customers	→	Repeat Buying	→	Higher volumes

New addition
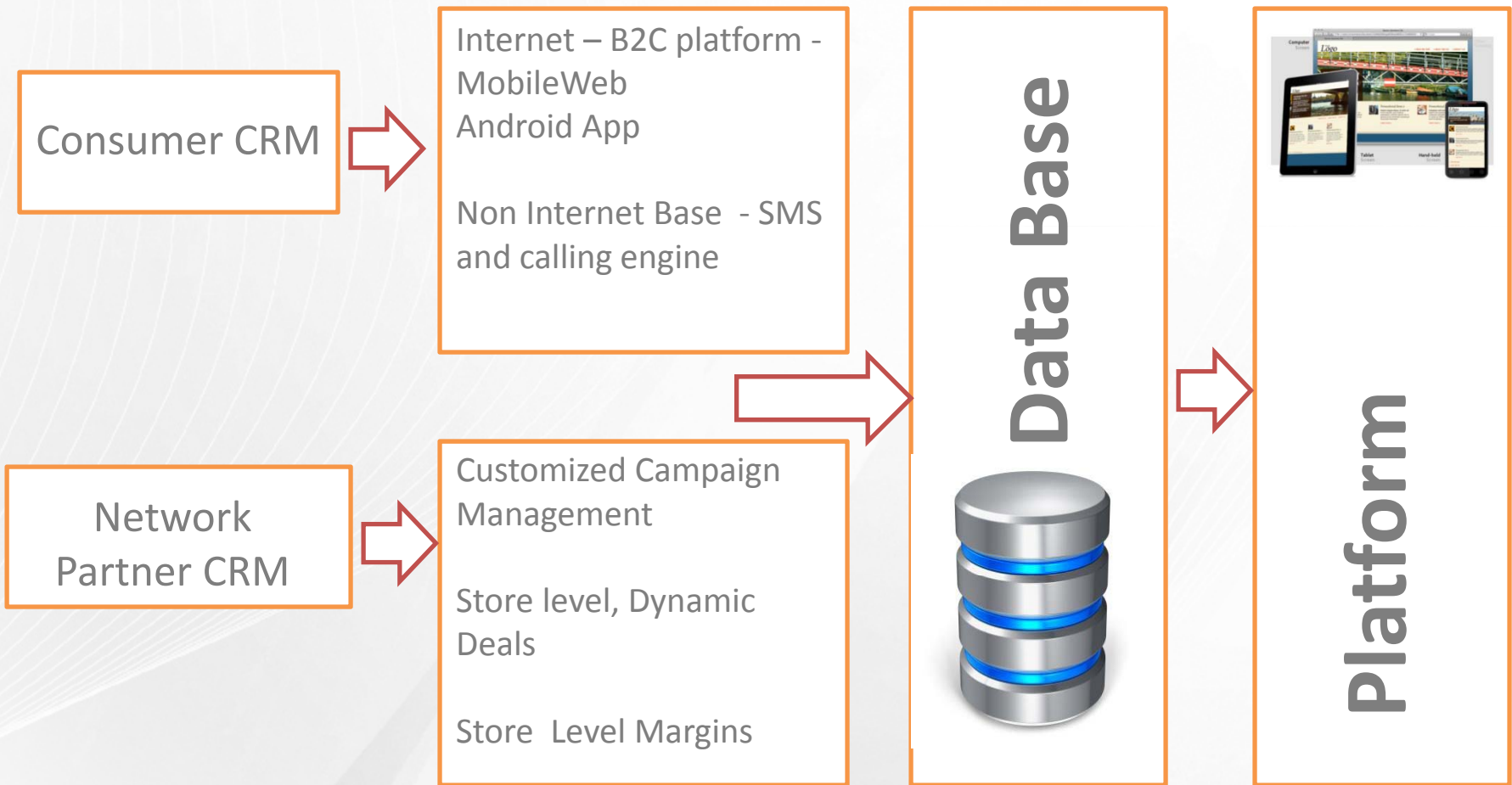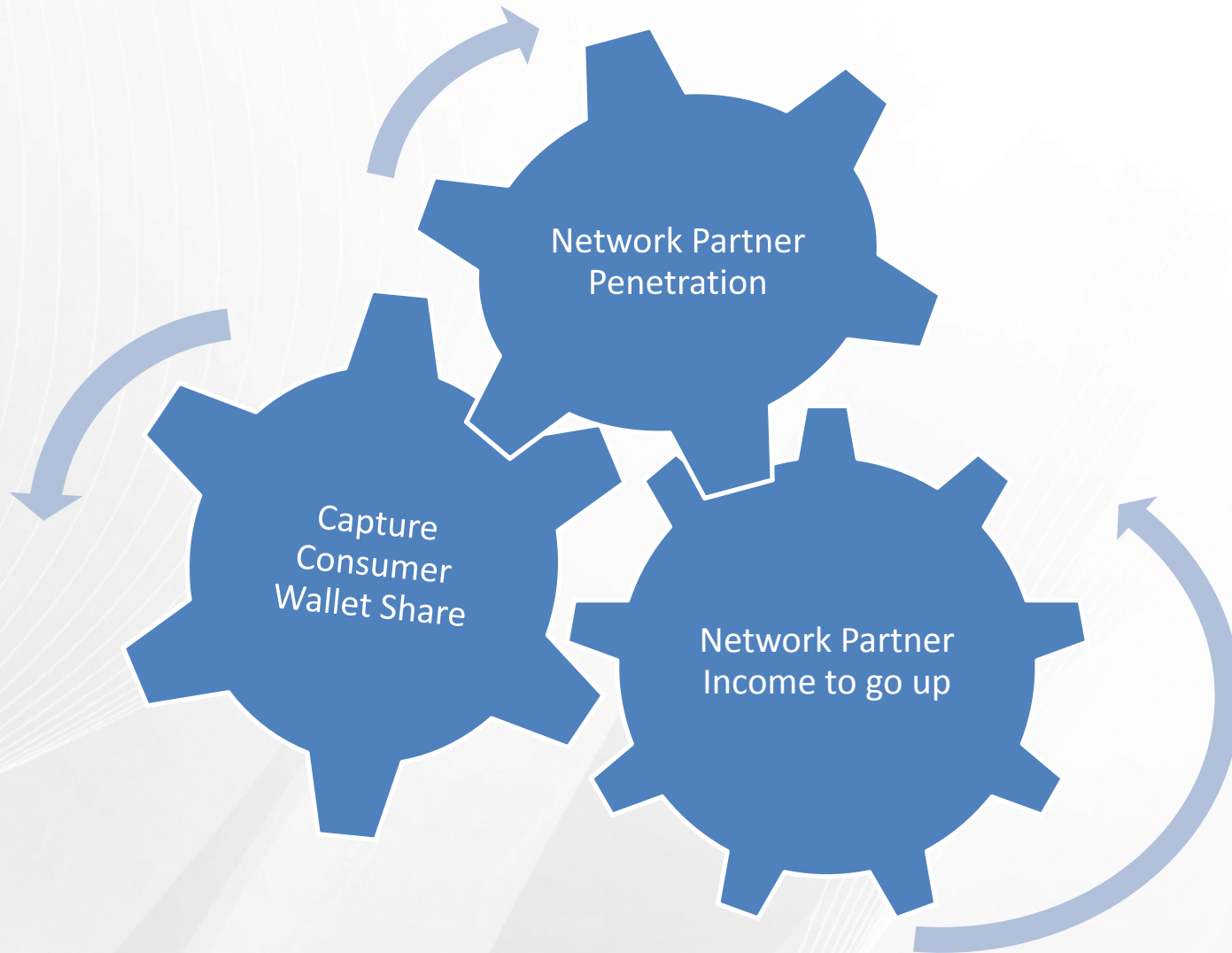
istreet
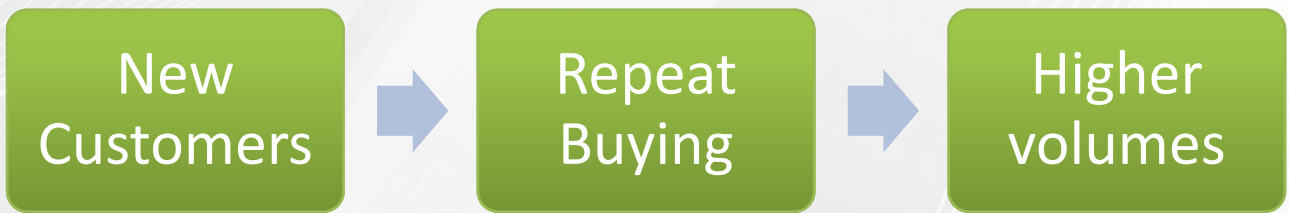
➢ iSB Wallet - Easy to use
- Faster checkout
- Safe and Secure

➢ EMI facility - Easy installment of 3,6,9,12 months
- Enables common man to buy high value products

What Next –

What are we working on!!

Building Technology

istreet

Consumer CRM

➡ Internet – B2C platform - MobileWeb
Android App

Non Internet Base - SMS and calling engine

Network Partner CRM

➡ Customized Campaign Management

Store level, Dynamic Deals

Store Level Margins

Data Base

Platform

Increasing Income Share of Network Partner & Capturing Wallet Share of Consumer

istreet

Network Partner Penetration

Capture Consumer Wallet Share

Network Partner Income to go up

Expanding Products & Categories

istreet

Product Categories:

- Health & Personal Grooming
- Men's and Women's Apparel
- Fashion Accessories for Men's & Women's

Digital Services Products

- Money Transfer
- Utility Bill Payments
- Movie Tickets
- Airline Tickets
- Bus Tickets
- Education

Building Capacity

istreet

Expand Sourcing Capabilities

Expanding Team

Build a strong catalogue

Build 'vendor managed' inventory model

Expand Fulfillment Capabilities

Warehousing, pick-pack-ship facility

Cost effective Logistic system

Expand CS - Assistance

Consumer Assistance cell

Refunds returns

Information Management

Build a Payment System

Robust Multi-method payment system

Prepaid / Post paid / EMIs / Wallet /

Escrow / Nodal etc

Number of Transactions

FY 16

15 lacs

(Till Q3 FY16 – 9.18 lacs achieved)

Number of Stores

Target of FY 16, already achieved in Q3

Target no. of stores by end of FY 19

1,25,000

istreet

eCommerce Simplified

Why the ASP (average selling price) is low and going down Q on Q basis?

Ans: Internet Retail Store' is a new concept where a consumer buys products by seeing the products on screen, pays money in advance and get the product delivery after 3-5 days time. The target consumer for us is the common man of India, who generally are scared of trying out something new for the fear of losing money or not getting the right product. Hence, the Company has strategically introduced low ASP products, so that a common man gains confidence and experience the new way of buying. This helps us in acquiring new consumers and expands our reach. Over the last quarters, the company has been changing its category and product mix in such a way that it can touch more and more common people of India and one of the major criteria is LOW priced products of daily needs. In fact, the company has a category called –'daily needs'.

How the cost of delivery is managed with the low ASP items ?

Ans: The business model which comprises of 'distribution' as well is completely different and unique as what is generally followed by all other eCommerce players. And therefore, it works very much in sync with overall strategy - low asp and low average shipping cost.

FAQs

How are the Network Partners selected ?

Ans: A dedicated team does complete screening of the application form received from the Store owner. Then. telephonic interview is conducted. Its finding are send to team leader, who takes the final call after complete scrutiny of documents and final telephonic interview.

Why Company is looking to raise funds?

Ans: To fund its future growth plan and capacity expansion in terms of technology, fulfilment centres and to meet enhanced working capital requirements.

eCommerce Simplified