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Scrip Code: 500067

National Stock Exchange of India Ltd.
Exchange Plaza, Bandra Kurla Complex,
Bandra (East),
Mumbai -400 051
Scrip Code: BLUESTARCO

Dear Sirs/ Madam,

Sub: Press Release

Please find enclosed the Press Release for your information.

Kindly acknowledge and take the same on records.

Thanking you.

For Blue Star Limited

Mansi Laheri
Authorized Signatory

PRESS RELEASE

Blue Star expands its range of stylish and differentiated water purifiers with an innovative Immuno Boost Technology; to target 3500 retail outlets in FY19

Blue Star Limited has announced the launch of a stylish and differentiated range of residential water purifiers across various price points with RO, UV, RO+UV and RO+UV+UF technologies. These include models with an innovative Immuno Boost Technology which provides alkaline antioxidant water that strengthens the defense mechanism of the human body and helps the body to stay healthy and function perfectly. The purified water with Immuno Boost Technology is abundant in alkaline minerals and hydrogen which help balance the metabolism. It can help in boosting one's immunity and keeping away from diseases by nourishing the body with clean, wholesome ingredients adding essential minerals, raising the pH and making the water antioxidant.

Blue Star, which completes 75 years of its existence this year, entered into the residential water purifier business in October 2016. Given its long association with water due to its offerings comprising water coolers and bottled water dispensers coupled with the fact that it is perceived as an aspirational and modern brand, the Company forayed into the residential water purifier business with the conviction that it would make deep inroads into this business leveraging the trust that it has built over the years. This initiative is a part of the Company's aggressive growth plans to expand its presence in related new product categories. The Company will gradually enhance its range to cover commercial water purification systems as well.

Industry size

The market for pure drinking water has been on the rise mainly due to deterioration in the quality of water, resulting in a spurt in water borne diseases. There is an over dependence on ground water which has significant levels of dissolved impurities. The residential water purifiers market in the country is pegged at about Rs 4200 crores, increasing at a CAGR

of 15-20%. About 2.6 million units sold every year are electric viz RO, UV, RO+UV and its variants. In terms of value, due to their higher price points, electric purifiers contribute to about 85% of the market whilst the balance comprises gravity-based purifiers.

Line-up of stylish and differentiated products

Blue Star has launched a range of 35 models including colour variants in the electric devices category, with a few models offering Immuno Boost technology. The offering comprises nine series called Stella, Prisma, Edge, Imperia, Eleanor, Majesto, Genia, Aristo and Pristina, with price points varying from Rs 7,900 to Rs 44,900. When the Company forayed into the business, it was with 13 models in limited price bands. The Company has now extended the range in order to have products across various price points.

Most of the models offer double layered RO+UV protection such that the entire water passes through the RO membrane first and then the UV lamp thereby ensuring that the water is absolutely safe and pure. These purifiers are highly differentiated and offer attractive features such as hot and cold water, touch sensors, electronic dispensing, speech assist, taste enhancer, filter change alerts, aqua taste booster, super efficient RO membrane, child lock function and aqua mineral infuser, amongst several others.

The Company is also test marketing a range of commercial RO+UF as well as commercial UV water purifiers which are being targeted to water cooler customers of Blue Star as well as offices, restaurants, clinics, and other commercial establishments.

Immuno Boost Technology

The premium models of Stella, Imperia and Eleanor series offer a revolutionary Immuno Boost Technology. This technology enhances the pH level of water, giving alkaline water. The body tries to naturally maintain the acid-alkaline balance of the blood. But when the body is overly acidic, the system has to work even harder to maintain that balance and can lead to interference with the activity of all the cells in the body. Alkaline water helps by neutralizing the acid levels of the body.

This technology also helps in reducing the oxidation potential and fights with toxic free radicals. Fruits and vegetables promote healthy immune function as they provide antioxidants that help maintain healthy tissues around the areas of infection and support healing. When free radicals and other damaging molecules are generated in areas of infection and inflammation, enough antioxidants are needed to fight the active oxygen.

Immuno Boost Technology has an antioxidant effect by generating active hydrogen through crystalline media to scavenge the free radicals that induce the oxidation process in the body leading to various diseases. This technology slows down or prevents oxidation thereby delaying the aging process and keeps the body healthy with a spark of life.

Sales, Distribution & Service

As regards to distribution, Blue Star water purifiers are already available in 125 towns with over 250 channel distributors/dealers including ecommerce channels and modern trade in over 2000 retail points. Plans are on the anvil to increase the presence to over 3500 outlets in the current year. There are over 400 'Star Water Consultants' across major outlets for demo and lead generation that have been appointed. In addition, Blue Star's Room AC customers are being leveraged for cross-selling and referrals. Visual merchandising at high footfall outlets along with consumer financing options are made available across major outlets, to help in generation of enquiries.

This business is very service-intensive with a regular need of replacement of consumables such as the sediment, carbon as well as RO membrane filters. Considering that Blue Star is India's largest AC&R service provider, it believes that it can offer differentiated service in this business too and create new benchmarks in the industry. It has appointed over 200 service franchises that are being supported by a team of trained Company engineers to lead the installation and service requisites, and strong service processes have been set up.

Advertising and Sales Promotion

In terms of advertising and sales promotion, the Company has plans to invest about Rs 35 crores on water purifiers in FY19. The value proposition for the segment has been identified as 'Choose Purity'. The Company has launched a new TV commercial highlighting its Immuno Boost technology that not only gives pure water but great immunity as well. It has chosen babies in all its communication as they are the most vulnerable to a water borne disease and are considered as the gold standard of purity. This is being supported by ads in mainline dailies, outdoor, activations as well as digital, especially in social media and ecommerce channels. Just like other businesses, Blue Star will be persistent with its strategy of integrated marketing communication comprising mass media, field promotions, digital platform, Press, events and social media, apart from one-to-one marketing.

Water Digest Award 2018

In March 2018, Blue Star water purifiers were awarded as the 'Best Domestic RO+UV water purifiers' in the country at the Water Digest Awards 2018. This is the second time in a row that it has won this award. Introduced in 2006, these prestigious awards are supported by UNESCO and the Ministry of Water Resources in India. Blue Star emerged winner after clearing a rigorous evaluation process by an eminent jury comprising members from UNESCO, TERI, IIT Delhi, WASH Institute and NEERI amongst others.

Way forward

Speaking to the press at a conference held in Bengaluru, B Thiagarajan, Joint Managing Director, Blue Star Limited adds, "Since its entry into the residential water purifier business, Blue Star has made good progress in this segment with its wide range of offerings across various price points. The Company is committed to make significant investments and wants this business to set a benchmark in terms of the product offerings as well as after-sales service. The range of products launched augur well with our premium brand personality and have met with a very encouraging response with sales of over 50,000 units. The Company plans to build onto and consolidate its presence in this segment with its enhanced range of products and deeper distribution reach in FY19 and is targeting to reach a market share of around 10% in about 3 years."

Place: Bengaluru

Date: May 30, 2018.

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