



April 6, 2016

**To,
National Stock Exchange of India Ltd.
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Plot No.C/1, G Block
Bandra - Kurla Complex, Bandra (E),
Mumbai-400 051.
Fax No: 26598237 / 38
Ref Company Code : BLUESTARCO**

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**The Secretary
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Sub : Press Release

Dear Sir,

We enclose herewith copy of Press Release being released into newspapers, for your information and records purpose, receipt of which may please be acknowledged.

Thanking you,

BLUE STAR LIMITED


**VIJAY DEVADIGA
COMPANY SECRETARY**

Blue Star Ltd.
Mumbai



PRESS RELEASE

Blue Star to foray into the water purifier business

Blue Star Limited, India's leading air conditioning and commercial refrigeration company, has announced that it is planning to enter the water purifier business later this year. The Company will initially offer residential water purifiers and will gradually enhance its range to cover commercial water purification systems as well. This initiative is part of the Company's aggressive growth plans to expand its presence in related new product categories.

Blue Star, which has a legacy of over seven decades in providing expert cooling solutions, has always been a strong contender in the corporate and commercial segment and did not traditionally cater to the residential segment. However, in 2011, the Company thought it prudent to enter the residential segment given the strong brand equity that Blue Star enjoys amongst home buyers due to its rich pedigree. This initiative met with resounding success and Blue Star's room air conditioner sales has grown considerably, outperforming the market year-on-year. In fact, the Company enjoys a market share of over 10% owing to the strong demand from the residential segment.

Blue Star has been evaluating entering new product categories in order to leverage its brand equity and distribution strength. The Company has been in the water cooler business for nearly seven decades catering to offices, educational institutes, hotels, factories and hospitals and is also India's largest exporter of water coolers. Blue Star is also amongst the largest suppliers of normal, hot and cold bottled water dispensers in the country catering to smaller offices and establishments. Since Blue Star has a strong connect with water, and consumers are aware of this association for years, it believes that launching water purifiers would help it leverage this association.

The market for pure drinking water has been on the rise with enhanced awareness about water-borne illnesses and the need for safe drinking water. The residential water purifiers market in the country is pegged at about Rs 4200 crores, increasing at a CAGR of 22%. About 8 million units are sold every year, with gravity-based water purifiers

comprising about 5 million and the balance are electric viz RO, UV and its variants. However, in terms of value, due to their higher price points, electric purifiers contribute to about 70% of the market.

The business is also 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.

Blue Star plans to launch a comprehensive range of residential water purifiers towards the latter part of the year. It has already identified O&M as its creative partner to assist it with the positioning and communication. Given that trust plays an important factor in the category, advertising and brand building are critical to the success of this business.

B Thiagarajan, Joint Managing Director, Blue Star adds, "Blue Star is perceived to be a premium and aspirational brand and a strong contender in the consideration set of the discerning consumer, many of whom have instilled faith in our offerings. While we are a new brand in the category of water purifiers, our association with water is a significant advantage. In line with our personality, we intend to offer not only differentiated and thoughtful products that would provide pure and healthy drinking water, but also world-class after-sales service to enhance customer engagement. We are in the process of setting up a dedicated team for this business and will target to reach a market share of 15% in about 3 years from the launch."

Place: Mumbai

Date: April 6, 2016.

For additional information, please contact: Girish Hingorani, Senior General Manager, Blue Star Limited, Bandbox House, 254D, Dr Annie Besant Road, Worli, Mumbai – 400 030. Email: girishhingorani@bluestarindia.com Telephone: 02266544000.