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The Secretary
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Sub : Press Release

Dear Sir,

Please find enclosed herewith a copy of Press Release for your information and dissemination to public at large.

Thanking you,

BLUE STAR LIMITED

Mansi Laheri
Senior Manager - Legal And Secretarial

PRESS RELEASE

Blue Star expands its range of stylish and differentiated water purifiers; to make deep inroads across 100 towns in the country

Blue Star Limited, which entered the residential water purifier business in October last year, has announced the expansion of its range of stylish and differentiated products. While the Company is currently offering residential water purifiers, it 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 nearly 75 years of experience in providing expert cooling solutions, forayed into the residential room air conditioners segment in 2011 and met with resounding success thereafter, year after year. Encouraged by this success, the Company has been evaluating entering new product categories, especially in the consumer segment. Given its long association of water due to its offerings of water coolers and bottled water dispensers coupled with the fact that it is perceived as a trustworthy and modern brand and has a robust distribution network in 4000 retail points across the country, the Company forayed into the residential water purifier business last year with the conviction that it would make deep inroads into this business.

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 dissolved impurities. The residential water purifiers market in the country is pegged at about ₹4000 crores, increasing at a CAGR of 22%. 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

80% of the market whilst the balance comprises gravity-based purifiers.

Line-up of stylish and differentiated products

Blue Star has launched a range of 15 models, including colour variants in the electric devices category namely RO, UV and RO+UV. It has chosen to stay away from the low cost gravity water purifier for now and will focus on electric purifiers initially. Out of the 15 models, 11 of them offer a double layered RO+UV protection to ensure that the water is absolutely safe and pure. The offering comprises five series called the Stella, Prisma, Edge, Majesto and Pristina with price points varying from ₹7,900 to ₹44,900.



Stella is India's first RO+UV purifier that dispenses hot, cold and room temperature water. It dispenses hot water (up to 85 degrees); so one can make soups, tea and coffee at the press of a button and gives cold water (as low as 5 degrees); so one can have chilled mocktails and cocktails. This also circumvents the need to keep cold water bottles in the refrigerator since the cold water tank is over 3 litres, with a large, overall tank capacity of 8.2 litres. In addition, it has double layered RO+UV protection; taste enhancer; child lock function; anti-stagnant ripple technology to prevent formation of slime and auto clean, amongst several others. It has electronic dispensing buttons in lieu of the normal manual tap as well as touch sensors which are convenient to operate. Priced at ₹44,900, it is targeted at the evolved premium buyer. While consumers spend significant amounts on their kitchen aesthetics, there is no brand so far that has water purifiers matching their elegant décor. This series will play a significant role in redefining the premium landscape of water purifiers in the country.



The Edge series is innovatively designed that's so smart that it speaks for itself and changes the entire outlook of conventional water purifiers with three attractive colours. Apart from RO+UV double layered protection, the slim and elegant machine has a touch screen that not only allows one to control the functions of the purifier but also highlights important information about the purifier such as the tank level and filter status. It has a speech assist function that updates the user on useful information and incorporates a 6 litres compact tank. Aggressively priced at ₹21,900, this product will put Blue Star ahead on the technology curve in the industry.



Prisma is a compact RO+UV water purifier which is packed with features, considering its size. It has a 4.2 litres tank which not only occupies less space but is also ideal for a small family of 4-6 people. It has a 5-stage purification process; taste enhancer; anti stagnant ripple technology and smart 1-litre touch sensor-based selection, apart from electronic dispensing. The Prisma is priced at ₹19,900 and again, will be targeted at the premium buyer who wants a visually appealing product for their modern kitchen.



The Majesto series is being offered in RO as well as RO+UV. The Majesto RO+UV has a 6-stage purification process, a large 8-litres tank; Aqua Taste Booster (ATB) and copper-impregnated activated carbon which not only removes odour but also has anti-bacterial properties. It is sleek and stylish, and available in a variety of colours. Priced aggressively at ₹14,900 for the RO range and ₹17,900 for the RO+UV range, the Majesto with its high-quality filters and membranes offers great value for money.



Pristina is an online UV water purifier meant for markets which have fresh water supply rather than ground water. Backed by a 5-stage purification and a stainless steel UV chamber for enhanced performance, this product is designed to deliver a flow rate up to 2 litres/minute, making it a convenient choice for households with total dissolved solids (TDS) up to 500 ppm. The stylish and compact machine has a stunning black look, with a smart micro-controller offering a host of features for customer convenience, and is competitively priced at ₹8,900. Pristina also has a royal blue variant without the micro-controller which is suited for low-pressure loft tank applications priced at ₹7,900.

Sales, Distribution & Service

As regards to distribution, Blue Star water purifiers are already available in 80 towns with over 135 channel distributors including ecommerce channels and modern trade in over 1000 retail points. Plans are on the anvil to increase the presence to over 100 towns 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. The products have met with a very encouraging response with sales of over 10,000 units in six months, and the Company plans to make deep inroads in this segment with its enhanced range of products and deeper distribution reach in FY18.

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 100 service franchises who 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 ₹30 crores on water purifiers in FY18. It has partnered with O&M, India's leading creative agency for the formulation of its communication strategy. The value proposition for the segment has been identified as 'Choose Purity'. The Company has launched a new TV commercial featuring babies and how Blue Star's purified water is best suited for them as they are the most vulnerable to water borne diseases. This is being supported by ads in mainline dailies and 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 in water purifiers as well.

Water Digest Award 2017

In March 2017, Blue Star Water Purifiers won the esteemed 'Best Domestic RO+UV Water Purifier' award at the 11th edition of the Water Digest awards 2017 by a jury comprising of the industry's most eminent personalities. Set up in 2006, the Water Digest Awards recognise distinguished work carried out by various companies/NGOs/individuals in order to treat, recycle and conserve water and are supported by UNESCO and Ministry of Water Resources in India. They are considered to be amongst the most prestigious awards of the water purification industry, and Blue Star has won this award in its first year of

existence in the water purifier business.

Significant milestone

B Thiagarajan, Joint Managing Director, Blue Star Limited adds, "The entry into the residential water purifier business is a significant milestone for the Company as we celebrate our platinum jubilee next year. We have always believed that setting up a separate team is important for the success of this business as water is a difficult subject and necessitates a dedicated team. While several players have tried to enter this business, most have treated it a line extension and not set up specific teams. We have already set up a large team of over 100 people, most of whom have been part of the water purifier industry. 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 water purifier industry is currently dominated by specialists and we intend to be a specialist player in water purifiers too, as Blue Star is not a general consumer durable player lending its brand across product categories but specialises in whichever business it enters. The range of products launched augur well with our premium and aspirational brand personality. We have already got a very encouraging response from the market and many consumers have reposed their faith in us as a brand that they trust for the health of their family. We are buoyed by our initial success and plan to reach a market share of 10% in about 3 years."

Place: Bengaluru

Date: July 20, 2017.

For additional information, please contact: Girish Hingorani, Head - Corporate Communications, Blue Star Limited. Email: girishhingorani@bluestarindia.com Telephone: +91 22 6668 4000/ +91 98204 15919.