



BLUE STAR

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January 25, 2016

To,
National Stock Exchange of India Ltd.
Exchange Plaza, 5th Floor,
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Bandra - Kurla Complex, Bandra (E),
Mumbai-400 051.
Fax No: 26598237 / 38
Ref Company Code : BLUESTARCO

The Secretary
BSE LTD.
Floor 25, P.J. Towers
Dalal Street
Mumbai 400 001.
Fax No. 22723121
Ref Company Code : 500067

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

PRESS RELEASE

Blue Star launches India's largest range of star rated inverter ACs; targets 12% market share of Room ACs in FY17

Airconditioning and commercial refrigeration major, Blue Star Limited, has announced the launch of a stylish range of airconditioners comprising a wide array of highly energy-efficient as well as eco-friendly split airconditioners for the residential and commercial segments.

Blue Star, which has over seven decades of experience in providing expert cooling solutions, forayed into the residential segment in 2011 and has met with resounding success thereafter, year after year. Blue Star grew by 20% in the current financial year which is faster than the industry growth, and currently assumes a market share of 10%, in terms of value. The Company intends to continue its aggressive thrust in the room airconditioners market and aims to gain a market share of 12% in FY17, in terms of value.

New line-up of highly energy-efficient and eco-friendly products

Blue Star's new line-up of room airconditioners consists of over 135 models. This stellar range of airconditioners is in line with the new energy standards prescribed by the Bureau of Energy Efficiency (BEE). Blue Star is amongst the first companies to comply with BEE's voluntary labelling programme for inverter split airconditioners as it has launched 16 models in the 5-star category and 13 variants in the 3-star category, as per the new BEE standards. All models have been designed to operate non-stop even at 50°C. The entire range of star-rated inverter split airconditioners is equipped to function smoothly within a voltage range of 160V - 270V, without the aid of an external voltage stabiliser. This is of a

huge advantage in locations with high voltage fluctuations. 8 of the 16 models of 5-star inverter split airconditioners will be equipped with a 'smart' Wi-Fi feature which enables the customer to operate the machine from any remote place within the Wi-Fi network.

The inverter compressor varies its speed depending on the ambient load, resulting in perfect cooling, apart from considerable energy savings. Thus, 5-star inverter airconditioners save up to 30% power over the 5-star non-inverter machines. Inverter airconditioners comprise over half the market in countries like China whilst they are only about 10% of the Indian market. The market share of inverter airconditioners is likely to triple over the next couple of years, considering the superior technological advantages that these machines have to offer. Traditionally, Blue Star has been renowned for the high energy efficiency of its product range, with over 30% of its room airconditioner sales in terms of volumes coming from inverter split airconditioners and 5-star room airconditioners. This is higher than the industry average of around 25%. Energy efficiency is a significant parameter for most consumers who are sensitive to power consumption and important to the country which has assumed responsibility to act against climate change on a global platform.

Blue Star, with its expertise and experience in airconditioning and refrigeration products over the decades has a deep understanding of varying Indian climatic conditions and unique requirements of the Indian consumer. It has built a strong culture of customisation and specialised manufacturing, over the years.

The Company plans to invest over Rs 30 crores on new product development as well as its research and design initiatives in FY17 in order to continue its endeavour to develop customised, modern and sophisticated products which can compete with the best in the world.

Distribution

As regards to distribution, in 2016, Blue Star's room airconditioners will be available in 3800 outlets in 500 locations spread across the length and breadth of the country, vide

exclusive and multi-brand sales and service airconditioning dealers, retail showrooms and modern trade. The Company has also built up a robust installation and service franchise network to support the retailers, and plans to introduce a same-day installation facility in the National Capital Region. Presently, the Company has nearly 70 exclusive product stores in the country and plans to increase it to 100 stores by the end of FY17. The Company targets to open the first Blue Star Platinum Store in New Delhi in 2016. These exclusive stores occupying around 2000 sq ft with an impressive display of its entire product range will be operational across important locations such as Mumbai, Delhi, Chennai, Bengaluru, Ahmedabad, Hyderabad and Kolkata. Around 50% of Blue Star's room airconditioner sales are from smaller towns since consumers in these markets are aspirational and prefer premium brands.

The brand offers 0% finance as well as attractive EMI options vide tie-ups with leading banks and finance firms. Over 15% sales are through such easy finance options.

Advertising and Brand Communication

In terms of advertising and brand communication, the Company has plans to invest about Rs 40 crores in the forthcoming summer season with a set of TV commercials supported by ads in mainline dailies, cinema and hoardings. It also intends to enhance its digital marketing efforts in social media as well as the internet, considering that most Blue Star buyers belong to the highest socio-economic category (SEC A), who are active on the internet. The differentiated value proposition to the residential audience will continue to be 'Nobody cools better' which leverages Blue Star's superior expertise in cooling.

Blue Star has been 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 which has helped fortify its brand equity amongst customers and consumers. The Company has also been recently recognised among the 'Best Corporate Brands' by the Economic Times.

Targeted Growth for FY17

Speaking to the Press at a conference held at Chennai, B Thiagarajan, Executive Director & President -- AC&R Products Business, Blue Star Limited said, "The room airconditioners market in India grew by about 10% during 2015, while Blue Star outperformed the market growing 20%. We find that the room airconditioner segment is becoming more brand-conscious preferring specialist airconditioning players. This trend works to our advantage since Blue Star is perceived to be a premium and aspirational brand, and our rich pedigree and high quality product range is in conjunction with this image. In addition, the brand continues to be a strong player in the corporate and commercial segment which comprises 25% of the overall size. The market for room airconditioners is expected to grow by around 15% in FY17 and considering our 5-year track record of outperforming the market coupled with our impressive new energy-efficient, eco-friendly and smart product range, we hope to achieve a market share of 12% in FY17".

Place: Chennai

Date: January 25, 2016.

For additional information, please contact Mr B Thiagarajan, Executive Director & President - AC&R Products Business, Blue Star Limited, Bandbox House, 254D, Dr Annie Besant Road, Worli, Mumbai – 400 030 email: bthiagarajan@bluestarindia.com Telephone: 09600034725.