

PRESS RELEASE

Blue Star to aggressively target the residential segment. Launches stylish room airconditioners with enhanced energy efficiency.

Airconditioning and commercial refrigeration major, Blue Star Limited, has announced the launch of a new range of contemporary and stylish room airconditioners for the residential segment which will be available in a large number of retail channels across the country. These airconditioners, apart from modern features, offer higher energy efficiency resulting in significant power savings.

Blue Star is India's largest central airconditioning company with an experience of over six decades in providing expert cooling solutions. Blue Star has been selling room airconditioners vide its sales and service dealers mainly catering to the corporate and commercial segment such as offices, restaurants, showrooms, boutiques and ATMs. Over the last few years, the Company has witnessed significant demand from the residential segment. Despite the fact that Blue Star room airconditioners were not available in retail channels, a considerable amount of Blue Star's sales came from the residential segment, mainly from consumers who believe that a specialist is better than a generalist and a conviction that if Blue Star is a leader in cooling large spaces, its room airconditioners must be good.

Considering this trend, the Company forayed into the residential segment last year, and made significant changes to its marketing mix including a product line-up to appeal to the residential segment, distribution through home appliance retail outlets and enhanced advertising budgets. This foray met with resounding success and Blue Star's room airconditioners sales grew considerably despite a decline in sales in the overall room airconditioners industry last year.

Encouraged by its success in 2011, the Company plans to continue to aggressively target the residential segment in 2012.

New line-up of energy-efficient products

On the product front, Blue Star has launched an impressive new range of room airconditioners which adhere to the new energy standards prescribed by the Bureau of Energy Efficiency (BEE). With effect from January 2012, BEE has upgraded the energy standards of split airconditioners to a higher level in line with the Energy Conservation programme. All the star-rated split units this year will have a higher Energy Efficiency Ratio (EER) as compared to the same star units last year, translating to savings in power bills. Further, within the range of EER specified for each star-rating, Blue Star has opted for a higher EER within each band, in order to maximize energy efficiency.

Apart from being energy efficient, the new range of split airconditioners have a new contemporary and stylish look with multi-colour options like pearl white, two-tone silver, champagne gold and wine red to appeal to home consumers. They boast of several features including i-feel for comfort where one sits, six filters for ultra-pure air, turbo operation, long distance piping, auto mode, dry mode, sleep mode, blow/self clean function, elegant remote control, rust-resistant construction, self diagnosis, scroll compressor, acoustic insulation on compressor and R410A eco-friendly refrigerant, amongst others. The range of window airconditioners has also been enhanced with a 4-star range, in addition to the existing 1-star, 2-star and 3-star models. The Company plans to invest about Rs 250 million on new product development and research and design initiatives.

Multi-Inverter Split AC

In the inverter range, Blue Star has launched a new break-through product called the Multi-Inverter wherein an inverter-technology based outdoor unit can be coupled to three indoor units to aircondition upto three rooms simultaneously. This product range will appeal to consumers who want to aircondition their entire house and at the same time would like to dramatically save on power bills. This futuristic range helps in reducing the number of outdoor units from three to just one unit, thereby maintaining the look of the façade of the building. The indoor units also have a state-of-the art sleek design with a diamond sparkle to appeal to interior designers and architects. This product re-emphasizes the Company's commitment to offer high-technology products to residential customers.

Distribution

As regards to distribution, Blue Star room airconditioners were available in home-appliance retail channels in 7 locations last year and the Company has increased its presence in 67 locations

this year. In addition, its strong force of about 1000 exclusive and multi-brand sales and service airconditioning dealers will aggressively promote the range. The Company has also built up a strong installation and service franchise network to support the retailers.

Advertising and Brand Communication

In terms of advertising and brand communication, the Company has plans to invest about Rs 150 million in the forthcoming summer season with a new set of TV commercials supported by print ads, mainline dailies, cinema, radio, hoardings and internet. The differentiated value proposition to the residential audience has been identified as 'Get office-like cooling at home' which leverages Blue Star's expertise in cooling offices and communicates that one can get the very same expertise at home.

Speaking to the Press at a conference held in Mumbai, B Thiagarajan, President, Airconditioning & Refrigeration Products Group, Blue Star Limited said "Despite the fact that the room airconditioners market in India declined by about 15% due to a soft summer during 2011, Blue Star's room airconditioners business has been on a fast growth track and grew about 29% in 2011, with the main growth coming from the residential segment. Several home consumers have instilled their faith in us and believe that we offer contemporary and modern products due to our airconditioning pedigree. Considering our impressive new energy-efficient product range, our aggressive distribution strategy and our commitment to continue to make investments in enhancing brand equity, I am confident that we will continue to perform well in the residential segment."

Place : Mumbai

Date : January 27, 2012

For additional information, please contact: B Thiagarajan, President, Airconditioning & Refrigeration Products Group, Blue Star Limited, Bandbox House, 254D, Dr Annie Besant Road, Worli, Mumbai – 400 030 email: bthiagarajan@bluestarindia.com Telephone: 9821078098.