



### Face to face: Deepak Babani, Eros Group

by Rajiv Ravindran Pillai on Jan 8, 2018



What can we expect from Eros Air-conditioning Business Group (ACBG) in 2018 in terms of its penetration and market strategy in the Middle East region?

ACBG has in the recent past strengthened its brand portfolio and today offers contractors complete HVAC solutions that include and is not limited to Lennox Air Conditioners (USA/Malaysia), Hitachi split air conditioners (Japan/Malaysia/India), TCL split air conditioners (China), thermobreak thermal and acoustic insulation (Australia/Thailand), Accoustica (Australia) Smardt magnetic bearing chillers (Germany/Australia), Pentair Hoffman (USA), Prettl Endress power generators, Solar Electronics (Germany), Caddy Roof Management System (UK) etc.



We have recently showcased for the very first time our consolidated brand portfolio at The Big 5 exhibition in Dubai. This was a great opportunity for us to bring all our brands together under one roof and present ourselves to the industry as the one-stop place for complete HVAC solutions. We will now leverage this strength going forward in 2018.

## How do you see the HVAC market shaping up in 2018 and why?

HVAC continues to have a promising future for not only 2018 but at least for the next three to five years. The vision of the leaders of the country to make this a world-class place on many fronts and not just tourism ensures new projects are always being launched in the UAE. Couple this with the construction projects in the run up to 2020 and we see promising growth for the next three to five years.



## What are the current trends in the HVAC sector in the Middle East according to you?

In a stagnant or barely growing "traditional" AC market, VRF is a hot topic for the industry. Though yet to gain grounds competing directly in the traditional ducted split and chilled water system markets, VRF has matured and can now provide scalability and integration into small, medium and large projects. The reciprocating market is set to disappear. Screw is now the preferred product, with a small scroll market at the lower end. The decline in district cooling plants will also see the DX packaged market benefit, especially roof tops and ducted splits, plus VRF is starting to gain popularity. The stand alone chiller projects, air handling and FCU markets are quite stable.

## Where are the opportunities for growth and why?

We see opportunities not only in new construction programmes but also in old ones which came up post the construction boom in the year 2000. Many of them now have outdated HVAC installations and they need to not only be serviced but also revamped with the latest and more eco-friendly and efficiency solutions. We see retrofit and replacement business as a big opportunity and are tapping this segment for a more fast paced organic growth in our service business.

## What are the main challenges in the market and why? How will these be overcome?

Construction delays and access to credit are always challenges which are now sometimes even factored in at the sourcing stage. Late payments and defaulting in making payments by contractors are also worrisome and we are addressing those concerns by being prudent in our financial terms. Where necessary we are partnering with insurance companies to mitigate some of the known risks. However, this will add premium interest into the costs and will add further pressure in selling in a competitive market.

## What new products will you be launching/or new projects will you be undertaking in 2018?

We are now diversifying into energy and power business by offering solutions into generators, solar inverters, solar electronics, LED lighting mainly for the infrastructure and real estate construction, hotel and hospitality, healthcare and rental industry. We have already moved from being a specialised air-conditioning and ventilation contractor to MEP contractor and have been executing small to medium sized MEP projects. We intend to increase our footprint and take on limited large-sized MEP projects, while continuing to focus on our AC projects, AC equipment supply, AC trading and AC service business verticals.