





# Blue RISING

Indian MEP contracting and air conditioning giant Blue Star sits down with Yamurai Zendera to talk Middle East expansion

**B**lue Star, a major player in India's MEP engineering, air conditioning and refrigeration markets, has big plans for the Middle East. Having been ever present in its home market for 72 years, the company was at Dubai's BIG 5 last November to investigate expanding in the region.

Blue Star is looking to export three specialisms. MEP contracting, applied and unitary products, and after sales services such as building management. MEP contracting and unitary products are already active in the region whereas the after sales services and applied products are strands the company is keen to get started this year.

"The next phase of our derisking is to geographically diversify the business which is why we are looking very seriously to move into the Middle East and North Africa and parts of Asia," says executive director, Vir S Advani. "The Middle East for us is a natural extension of India as a market, so we have been doing this for 72 years in India, we'll be doing this for 72 years here as well."

Last November Blue Star announced its



Vir S Advani is excited about Blue Star's expansion in the Middle East.



Blue Star carried out the air conditioning, plumbing and firefighting works at Terminal 2 of Mumbai International Airport.

“// The Middle East for us is a natural extension of India as a market, so we have been doing this for 72 years in India, we'll be doing this for 72 years here as well, //”

**VIR S ADVANI, EXECUTIVE DIRECTOR, BLUE STAR**

every year for the last nine years and we run it in that manner.”

The nature of the contracts from clients and main contractors makes it tougher to do business in the country Vir says.

“Civil as a discipline is very different from MEP and when you treat a specialised trade like MEP on the same terms as civil, there's an issue. So I think the market has not yet matured,” he says.

“In the meantime, we continue to see numerous MEP contractors enter every year and an equal number leave every year. The last 10 years our competition has completely changed but we continue to be there,” he adds.

“We have a select list of clients and we only work with a certain set of contractors, and we have tight internal guidelines on the type of jobs we will take and not take.”

The BIG 5 exhibition in Dubai was a platform for Blue Star to push and promote the applied products business on top of the unitary products it already sells in Bahrain, Kuwait, Oman, Qatar and the UAE.

“We will hopefully be announcing our UAE entry in another three months,” Vir says. “We just signed an entry into Oman with an Al Futtaim company. And now we're looking to offer their applied equipment in Bahrain, Kuwait and Qatar.”

Suneel notes that Iran and Saudi Arabia are also on the radar as longer term ambitions.

“Some of these things take three months, some take six months and some take two years,” he says. “It may take 18 months to two years before we enter either Iran or Saudi Arabia because we are very cautious and careful.”

Dubai is the preferred place to launch its after sales service, which operates in India at present.

“Dubai is a really mature service market. Anywhere you have mature real estate you will have mature after sales service,” Vir says. “So we can add some value in terms of energy management, energy audits. Helping customers bring down the running cost of their systems. We come in post installation and take over the building.” **MEP**

move into Oman's MEP contracting market following the acquisition of a 51% stake in Oman Electro-Mechanical Contracting, a subsidiary of WJ Towell. According to Blue Star, the Sultanate's MEP market is currently worth \$350m (OMR134.7) and the joint venture – Blue Star Oman – expects to capture at least 10% of market share in the future.

Blue Star brings top tier management and MEP expertise while Towell provides local knowledge accumulated from 148 years in Oman. MEP was previously just an extension of Towell's general contracting operation, so Vir sees the joint venture as a perfect vehicle to offer a fully integrated MEP service and bid for major projects. Around 300 people are currently working for the joint venture.

“The other important thing on the integration is the culture of the two organisations. The Towell Group and Blue Star have a very similar culture and way of doing business,” Vir's father and Blue Star vice chairman Suneel M Advani says. “We are in the market because there are a few MEP players there and there's an opportunity to go and disrupt the market and get some market share.”

For the past nine years Blue Star has been involved in MEP contracting in Qatar with a local partner. Vir says the market there is very



Suneel M Advani says Blue Star takes a careful approach.

different to that of Oman and India and therefore the strategy has been to take a selective approach to projects.

“So Qatar, while it's a very large market, it's a little more complex. It's difficult to make money there. It's easy to lose money there,” Vir says. “We're proud to say we've made money there