

A portrait of Kushal N. Desai, Chairman & MD of Apar Industries. He is a middle-aged man with dark hair, wearing a dark blue pinstriped suit jacket over a light pink shirt. He has his arms crossed and is standing in front of a dark wood-paneled wall. He is wearing a watch on his left wrist and a ring on his left hand.

▲
CAPITAL GOODS

KUSHAL N. DESAI, CHAIRMAN & MD, APAR INDUSTRIES

A Step Ahead

KUSHAL N. DESAI SEES OPPORTUNITIES IN CHALLENGES AS HE LOOKS TO CONTINUE THE STRONG RUN RATE OF APAR INDUSTRIES.

BY **ASHUTOSH KUMAR**



OPPORTUNITY ONLY

knocks once, but when it does, one needs to be prepared, says Kushal N. Desai, CMD of APAR Industries. His own company, founded in 1958 as Power Cables by his father, the late Dharamsinh D. Desai, abides by this philosophy. More than six decades later, the small conductors’ company has grown into the largest aluminium and alloy conductor manufacturer in the world. It is also the third-largest transformer oil manufacturer globally. The diversified manufacturer and supplier of conductors, cables, speciality oils, polymers, and lubricants now has businesses spanning 140 countries.

Desai has been spearheading APAR’s growth ever since he joined the family business in 1989. Under his leadership, the Mumbai-based company has grown leaps and bounds, especially over the past couple of years, as it cashed in on domestic as well as global energy transition themes of solar and wind power, and electric mobility. According to database provider Capitaline, APAR registered a 25.7% CAGR in net sales over the past three financial years. Its net profit hit a 47.3% CAGR during the same period. High-margin products, such as high-temperature low-sag (HTLS) conductors, E-beam wires with superior durability, and speciality lubricants, also contributed to the exuberant growth rate. However, Desai says the company has been preparing for this outcome since long.

“Opportunity needs preparedness. APAR’s vision statement, almost 12 years back, focussed on the basic building blocks: energy efficiency, reducing the cost of ownership for consumers, environmental compliance, and products with higher safety. We have several products that go right through this value chain,” Desai

WHAT HE DID RIGHT

- 1 Cashed in on domestic as well as global energy transition themes
- 2 Focussed on energy efficiency and reducing the cost of ownership for consumers
- 3 Attention to environmental compliance and high-safety products

HOW THE COMPANY FARED

Net sales (FY25): ₹18,492 crore

3-YR CAGR: 25.7%

PAT (FY25): ₹821 crore

3-YR CAGR: 47.3%

SOURCE: CAPITALINE; FORTUNE INDIA RESEARCH

tells *Fortune India*.

For Desai, a science graduate from the Moore School of Electrical Engineering and a business degree holder from the Wharton School, both under the University of Pennsylvania, the key to success filters down to two things: innovation and offering products at global standards. “We believe that we have to lead the innovation curve. We are not in many businesses. We are into three principal businesses (conductor, speciality oil and lubricants, and automotive solutions). We want to be at global standards in all of them. That is what we have been striving to achieve. So, the bedrock of this growth is focus,” he says.

APAR and Desai seem unstoppable as the company looks to continue the growth momentum. The runway is really long, the CMD believes. “Fundamentally, the world is getting more electric with the changing energy mix. Consumption of electricity is directly proportional to GDP. India is growing at 7% and the power sector is growing at 7+%. With the current focus on energy transition and infrastructure growth, we believe that the runway is the next 20-25 years.”

APAR’s Q1FY26 numbers reflect its strong run rate. The company reported a 27.3% year-on-year rise in consolidated revenue to ₹5,104 crore. At ₹263 crore, the net profit registered a 29.8% growth on the back of high-margin order execution, premium products, and strong performance in the U.S. market.

Analysts say the company may continue to gain from strong capital expenditure and the energy transition wave. After the stellar Q1 show, Prabhudas Lilladher said in a note that APAR has reiterated its guidance of 10% volume growth in the conductors’ segment, driven by favourable macro tailwinds such as reconductor-ing opportunities, strong public capi-

tal expenditure, and energy transition. “Meanwhile, capacity expansion in the cable business is anticipated to support management’s target of 25% revenue growth in FY26. The speciality oils segment faced near-term challenges due to project delays in key export markets, including Saudi Arabia, South Africa, and Australia. Nevertheless, robust global demand for transformer and automotive oils is anticipated to offset these temporary headwinds. Heightened Chinese competition in non-U.S. markets remains a key risk,” the note said.

Meanwhile, Desai admits that the U.S. tariffs pose challenges. The busi-

ness has taken a hit. The speciality oil business is completely unaffected as the U.S. is actually not a market, Desai says. “We do source base oil and products from the U.S., but do not sell there. So, that part of the business, accounting for 25% of APAR’s revenue, is not affected at all.”

However, that is not the case in the conductor business where the U.S. accounts for less than 10% of the revenue. “It is a good market. They understand the cost of ownership a lot better than India does. So that is a temporary setback,” he says. But there’s a catch: the Section 232 tariffs imposed on steel and aluminium mitigate the impact to some extent. Section 232 imposes a 50% tariff on imported steel, aluminium, and several derivative products across more than 400 categories, including wind turbines,

heavy equipment, and certain vehicle parts. “So, conductors, the entire metals portion, are taxed at 50% for everybody. Any non-manufacturer has to shell out 50%. That actually dampens the effect. On the non-metal portion, we unfortunately have to pay 54%, whereas a Korean or a Middle Eastern supplier may pay 10% to 15%. So there is a hit,” Desai elaborates.

He, however, maintains that this may be a temporary phase. “We have options to sell in other markets if the margin falls. But strategically, we want to remain in the U.S. and allocate some products because this may be a temporary phase. We do not

focussed on the U.S. market. First, it is the largest energy market in the world. If you are in the electrical products that go right from generation to distribution, you cannot ignore that market,” he says, adding that the U.S. infrastructure is ageing and requires an upgrade.

The size of the U.S. market is about \$55 billion. “India is a \$7-billion or \$8-billion market. The U.S. is growing at 5-6% a year. So, it is growing at \$2.5 or \$3 billion a year, which is about 33% of India’s market. It imports 40% of the products. So, there is a huge opportunity,” Desai explains.

Going forward, APAR is bullish on

“We are into three principal businesses, and we want to be at global standards in all of them. So, the bedrock of this growth is focus.”

Kushal N. Desai

know whether it will be three months, six months, or more. But it will pass.”



YET, HE SAYS in the same breath, one must accept the realities of the Vuca—volatile, uncertain, complex, and ambiguous—world. “Volatility, uncertainty, [complexity], and ambiguity are only increasing. The first thing is to admit that these four things are going to exist. Second, is how one is going to deal with this and keep the business intact. It does not rain every day. Even in the monsoon season, there are sunny days. And even during the sunny season, it rains for a few days. One has to be prepared for both.”

Perhaps that explains why Desai has a sanguine view of the opportunities in the U.S. market. “There is a strategic reason why APAR has

both domestic and global prospects. It has enhanced capital expenditure to tap into the same. “From average annual capex of about ₹250-350 crore in the past five years, we would be spending about ₹1,300 crore in the one-and-a-half-year period between April this year and Q2FY27. This is four to five times the average capex we have been spending,” says Desai. He believes there is a significant increase in the product requirement, not only in India but also abroad.

True to his guiding principle, Desai has his eyes set on the long term. “You have to keep yourself prepared so that when the opportunity strikes, you can serve. So, we are investing a little bit ahead of the curve,” he says—a mindset that captures not just his leadership style, but the company’s forward-looking spirit. ■