

Exploring global opportunities: Aparajitha's expansion plans in Southeast Asia

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SECTIONS

Exploring global opportunities: Aparajitha's expansion plans in Southeast Asia

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Synopsis

Aparajitha Corporate Services aims to be a billion-dollar organization in five years with the help of strategic partner Xcelerate Singapore. They are looking at inorganic growth opportunities through acquisitions, including the compliance business of ADP India and Simpliance. They are also in discussions for four other potential acquisitions.



ET Bureau
Nagaraj Krishnan - MD, ACSL

Madurai-headquartered Aparajitha Corporate Services is a market leader in compliance knowledge process outsourcing services in India. With its tech product Simpliance, it is a provider of tech-driven labour, industrial and financial compliance solutions to over 2000 companies in the country. ET's Kiran Somvanshi chats with its managing director, Nagaraj Krishnan on the way ahead for the company.

Q. What is the value Aparajitha brings to the table for its clients?

The compliance orientation in the country is progressing and investment of companies on compliance is not very high and they don't have many resources. The government is digitising the compliance going

ahead with the implementation and the enforcement, when they do the compliance themselves, it adds up to their cost. So, outsourcing is a cost-effective option. Compliance risk management is akin to buying insurance to protect against your compliance risk and kind of protect your board from any prosecution risk or financial risk or reputational risk or litigation risk. So, from that angle, it is an insurance that one would want to buy.

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Q. What’s the growth target for Aparajitha?

We want to be a billion-dollar organisation in five years, that's the goal with which we are focusing now. Our strategic partner Xcelerate Singapore is helping us in providing the muscle in terms of financial resources to look at a lot more opportunities in the Asia Pacific region. In India, we are going a full swing as regulatory compliance space is maturing in the country and the government is coming up with various digital efforts. They are digitising the entire compliance space. So, companies like us will have significant opportunities for growth. In addition to the organic growth, we are looking at significant growth contributing through inorganic opportunities. We had acquired the compliance business of ADP India, and then we acquired Simpliance, based out of Bangalore. We are in the final stages of completing another acquisition. We are already in high-level discussions for four other potential acquisitions.

Q. Besides India, will your addressable market be Southeast Asia, through your acquisitions?

Compliance is a global opportunity. For us, every country is a market. Today we are experts in Indian laws. With that, we can confidently serve the Indian space. If we have to get into a different market, we will need to have two capabilities. One is the tech capability, the other one is the ability to embed the laws of that country, all the compliance aspects, into the tech. We have the tech capability built. Whenever we roll open our product to any country, we will only have to study the legal landscape over there and bring that knowledge into my tech. That is the journey we are on. So from that space, we are exploring opportunities in the Middle East and the Asia Pacific region. These opportunities have largely come from our existing clients who are present in that region and are asking for our assistance there.

Q. Can you give an idea on the kind of clients that you have?

The space that we are into is very interesting. We are industry-agnostic. If a business has to comply with environmental and labour laws, then it is an opportunity for us. So, right from Boeing, Accenture to KFC

and HDFC Bank are our clients. We partner with more than 2000 companies. Today most of the Tata companies are our clients. ITC, Reliance and Aditya Birla and most multinationals are our clients. We have Facebook, Oracle, Twitter, and most of the retail, automobile companies, fintech companies, insurance companies. We segregate the companies: large corporates, corporate SMEs, MSMEs, and small companies. Since, we do not have the bandwidth to reach out and serve the MSME and very small companies, we focus on the large companies and corporate SMEs.

Q. And what is the average ticket size of your billing?

The minimum billing starts from Rs 1.2 lakhs per annum and goes to 3.6 crores per annum. I will tell you why the difference exists. For example, Twitter (X) is a very large brand. They have one office in India, for which let's assume their fee is 50,000 per month, so that sums up to Rs 6 lakhs per annum since they have only one office and compliance has to be done for only one store. On the other hand, Nykaa has 300 stores, and since we need to do compliance for all their branches, they pay us much more. Therefore, more the number of branches and the number of employees, higher is the compliance volume and the fees.

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