

THE HIGHER BAR

JOURNEY
OF LEADING
LAW FIRMS
& LEGAL
EAGLES





SARAF & PARTNERS LOOKS TO PLAY IN THE BIG LAW LEAGUE

**“NEVER THINK
THAT BECAUSE YOUR
NAME IS ON THE DOOR THE
OTHER PARTNERS
AND ASSOCIATES
ARE NOT
INTEGRAL”**

After the scuffle with Luthra & Luthra Mohit Saraf is building a corporate law firm founded on democratic leadership and equity-sharing for its partners.

“Never think that because your name is on the door the other partners and associates are not integral” - Mohit Saraf Founder & Managing Partner – Saraf & Partners law firm

By Pavan Lall

A few weeks ago, when the Kiran Majumdar Shaw-led biotech company Biocon made a bold move and bought a biosimilars business assets from American healthcare player Viartis (formerly Mylan) for \$3.35 billion it got the attention of corporate India. Biocon and its subsidiary was represented by Shardul Amarchand Mangaldas & Co. but it wasn't any one of the usual suspects on the other side.

Instead, it was Saraf & Partners, led by Mohit Saraf who had advised Viartis on the

multi-billion transaction. Funnily enough, less than a year ago, Saraf & Partners never existed. In fact, when Mohit Saraf split from New Delhi-based law firm Luthra & Luthra because of irreconcilable differences between him and his former mentor and partner, it became the biggest news in the legal world after Cyril Shroff and Shardul Shroff parted ways and set up their own firms in 2015 but many didn't think Saraf would be able to get a new firm up and running much less this soon.

Saraf who was a significant stakeholder and senior partner at Luthra & Luthra and Rajiv Luthra eventually went to court and after an arbitration ruling which awarded Saraf Rs 52 crores, went his own way.

He could have slowed down and decided to ease himself into semi-retirement with that sort of a payout but instead claims that it was never about the money.

says that "Corporate law is a very large industry and growing and as a sector it is not that India is not that old, so in that sense the market can certainly absorb several new corporate law firms." He added that "Saraf & Partners comprises a number of experienced lawyers and, in their new avatar the task will be to solidify their brand and identity in the industry so that they can in the future stand for unique strengths, as any new law firm would have to."

Initially, the firm officed out of the Leela Hotel in New Delhi for a few months, and has recently leased a 20,000 square foot office in Noida that will serve as more permanent digs for its HQ. The firm also has offices in Bengaluru and Mumbai. Just ten months into the game, revenue for the firm is nearing the Rs 100 Crore mark. Their



It was always about building a brand-new firm that gave its partners a fair and equitable stake that was commensurate with their effort and contribution.

And so, on the 18th of July in 2021 Saraf created Saraf & Partners and took over 100 lawyers from L&L Partners (formerly Luthra & Luthra) with him to the new firm. The top deck of managing partners who hold equity are comprised of some 31 partners, he adds and are running the company as what he describes as a "full-service law corporate firm, focused on banking and finance, IBC areas, M&A and private equity, patent litigation, real estate and capital markets and with a very large arbitration and litigation division."

Is there enough work to go around for yet another large ambitious, hungry corporate law firm?

Sapan Gupta, Group General Counsel Arcelor Mittal

clients include Zomato, Vedanta, the Adani Group, ArcelorMittal, Baxter and Abbott.

But flashback back to 1995, which was around when the young Saraf, a native of erstwhile Bihar had taken his entrance exams for the civil services. To hear him describe it, there were really no corporate law firms as such at that time. "There were no law firms, they were only basically litigating firms with probably 5-10 lawyers each and they were doing mostly litigation, little bit corporate work and when I say corporate, it was largely, do lease deeds. I remember the first deal I did with Amarchand on the other side was a lease deed, so I would say that's the type of corporate law work that was happening in early 1990s," Saraf says.



Step back into time further yet and Saraf was growing up in Patna where he had done his schooling circa 1984 by when he had come to New Delhi, joined Hindu College and graduated with a degree in Math and Law. He adds that the law degree was done largely to ensure he got a room in the University hostel.

"I didn't really think about even becoming a lawyer at that point," he says, adding that he came to New Delhi to become a civil servant. The IAS, the foreign services that sort of thing, was what had caught his attention.

Back in 1995 when he had finished his exams and was waiting for his results, a friend of his called Prabhjot Bhullar said he had to meet Rajiv Luthra who had started a small finance company and had the potential to add legal services.

At that point in time, Saraf was staying in a *Barsaati* (studio-style) apartment in Lajpat Nagar where he was paying Rs 1200 a month and was open to the idea of a more secure gig even it included law and was going to be an interim job. So, he went along with Bhullar and met Rajiv Luthra who struck him as a charismatic and friendly entrepreneur with all the

right social and business connections. Saraf, says that Luthra basically convinced him to hold off on his civil service plans until the results came and work with him till then. He also offered Saraf Rs 7500 a month which was a princely sum in those days and Saraf took up the offer and got started.

Then the predictable happened, which is Saraf's results came in. He had qualified for the civil services.

However, at that time, the only booming sector in the country was the power sector, which Saraf says he started doing well on because he relates to the documents that had a lot of math and complicated formulae. "I think clients noticed all that as well and the work kept coming," he says. For Saraf whose parents were small business owners and ran a little hardware shop in Bihar, the excitement of hanging out with top government officials and bureaucrats at luxury hotels was a heady concoction that he was getting used to. - Coming out of Delhi University Hostel, soon I was flying business class on planes, and was negotiating Rs 1000 crore plus contracts with the chairman of the electricity boards, US Exim, OPEC and so on. It was very different, today you can't even imagine how exciting it was. It was so exciting, it was unreal," he adds.

The catch was that he had to pick one: either the law career or the government job. Back then a candidate had a one-year extension in which he had to either join the services or then forego the opportunity at the end of that year. Saraf, took the extension even though a lot of his friends told him that it was a bad idea because he would lose rank if he joined a year later. The thing was that for the young Saraf who emphasizes that he came from "a very basic middle-class background" where travel happened by railways on second-class tickets and beyond the food on the table and electricity in the

THE HIGHER BAR

home, there were few luxuries, who didn't own a car and lived in a rental, the job he was in, was full of promise.

One of his skills Saraf says was knowing how to communicate effectively with state officials. "You have to recall that back in the day formal lawyers would not be the best at speaking to the middling government officials who would accord permissions and licenses and would negotiate power purchase agreement and that was something I got particularly adept at," he shares. "The difference between me and other foreign lawyers was that they would talk to them from a position of knowledge and strength and therefore in a way looked down on them. For me, I was always looking up to them, because that's how I was raised and saw them – as authority figures, so you have to never make them look small, never make them feel they don't understand a matter and instead try explain the very basic stuff in an equal manner."

All the while that Saraf was doing power agreements and other legal work alongside Luthra the law firm Luthra & Luthra hadn't yet gotten started. At that point, Saraf says Luthra's firm was doing finance work and pay-service checks for bankers such as Vikram Talwar (Bank of America).

Saraf and Luthra decided to form a partnership in 1999, with Saraf initially owning 25 percent share. Of course, then Saraf realized he hadn't got the kind of capital needed to pay for buying computers and paying rentals, since he had just wrapped up being a student. Saraf says that eventually I agreed to pay 20 percent of revenue to Rajiv for Infrastructure cost in lieu of his capital contribution.

Additionally what we agreed to was this: For the first few years or until 2003 if things didn't work out then Luthra could ask him to leave the firm and would keep the firm and keep the name of the company. However, Luthra couldn't ask Saraf to leave the firm after 2003, if they fell out but he could only retain the name of the Firm till 2011 in lieu of payment of 5 times Goodwill to Saraf, and all clients, lawyers will belong to Saraf. After 2011 Luthra even lost the right to retain the name of the Firm and Saraf would keep the business of the firm as well as retain the talent that wanted to stay and retain clients of the Firm.

By 2003 Luthra & Luthra had grown rapidly and became a law firm with Rs 50 crore in revenue and around 65 lawyers from under 10 lac of revenue in 1995, when Saraf joined the Firm. Another adjustment was made to their agreement which deemed Saraf a 33 percent partner and Luthra 66 percent.

While the nuances are complex, the dispute eventually got settled in court with both players agreeing to move on. Rajiv Luthra has publicly said that he doesn't expect the exodus led by Saraf would impact growth and that L&L Partners now has around 400 lawyers working for it.

How is Saraf going about managing his new firm?

Saraf says that the mantra is fairly simple. "My partners and I are all owners of the firm. They are all managers; they are part of decision making," he said.

Now, his aim is to make sure that every associate in the firm starts thinking like an owner and manager, and doesn't feel that they are employees, because they will get to partnership in 10 years from now. "That is an important part and the second important part is to ensure that this does not get into their head."

Remember the one most important thing is, when exposed to big profits and people sub-optimally. "I haven't forgotten where I come from," Saraf says as he suggests that it is what keeps him insulated from that occupational hazard.



THE HIGHER BAR



Structurally, Saraf's firm is now governed by a firm management committee, comprised of around six partners, and most decisions are run by the entire partner group. "So, we get partners to come on a call, everything is now done collectively... even when looking at the Delhi office space, Bombay office space, all of us will go together and do it. Everyone is part and parcel of the decision-making process."

Bikash Jhawar an equity partner with Saraf came in from L&L where he had spent around 14 years. At Saraf & Partners he is a member of its executive committee and a partner whose focus is primarily on giving corporate legal advisory, and assisting clients in undertaking investments. "For me the job is all about rolling up your sleeves, and service delivery that makes the difference for a firm and I saw that in Saraf and hence took the call to make the transition and join them."

Jhawar says while the firm is still very young, they never had the luxury of prepping for a brand-new organization so in some ways it is a WIP project. "What is new as a culture is that there is very clear communication and roadmap in terms of growth and what the destination is and how we aim to get there," he says.

The core may have been transactional law work but now the competition and the litigation and IP work and areas have been built out and are growing, Jhawar adds.

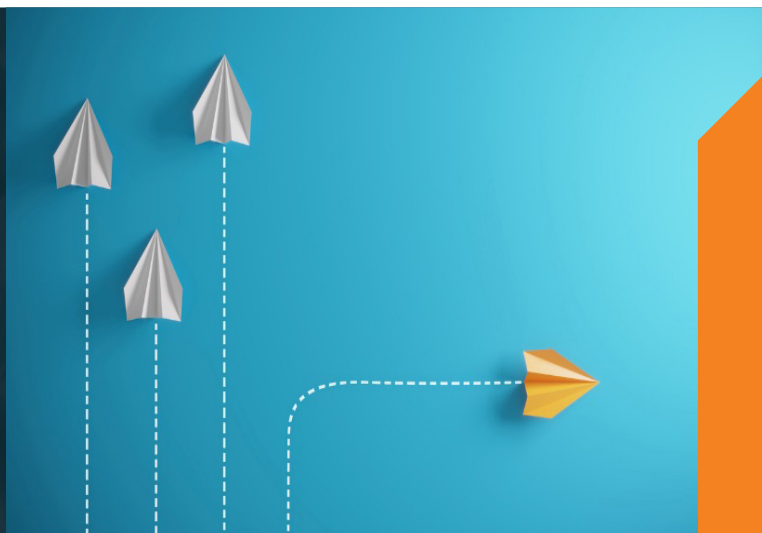
Building systems aside, Saraf does recognize what he sees as core challenges as he tries to build a heavy weight firm from scratch.

"The first is that since the time the new firm began, we have been working remotely, so in a way I feel that every associate, every partner needs to be close to the team he or she works with and therefore may have lost that human connection with the others in the firm," he says. "Re-building that... getting people to office, associates to office and young people and working together, it will be a big challenge but we are working on it."

The other important thing is, Saraf says is that it's vital for the company to think about how it will differentiate itself from other law firms. "A number of clients love the team and the partners and therefore the firm becomes an obvious choice, however, the big challenge for every lawyer is how is they continuously reinvent themselves and stay ahead of the curve. As a firm we have to find a differentiator, and I would say that is a very big challenge and I have been thinking about it and how we stand above the rest."

"If you don't give a partner equity, every time they get a better deal, they will jump this ship and that's not what I want to go through again."

**“MY PARTNERS
AND I ARE
ALL OWNERS
OF THE FIRM. THEY ARE
ALL MANAGERS;
THEY ARE PART OF
DECISION MAKING,”**



Will Saraf be able to pull off his lofty target of creating an equitable blue-chip firm that caters to the creme de la creme of corporate India? It's still too early to call his chances but what is certain is that the small-town civil service aspirant from Bihar has evolved in the last three decades. Saraf is a connoisseur of Indian art with a collection that features works by everyone from SH Haza and M F Husain to Manjit Bawa and Paresh Maity. The *barsaati* is of course long gone and he now resides in a large farm-house near Kapashera and when he's not kicking back and relaxing with a glass of Pinot Noir, he's spending time with his daughter and wife Gitanjali whom he met at L&L and who later became General Counsel for American IT firm Perot Systems.

“A NUMBER OF CLIENTS LOVE THE TEAM AND THE PARTNERS AND THEREFORE THE FIRM BECOMES AN OBVIOUS CHOICE, HOWEVER, THE BIG CHALLENGE FOR EVERY LAWYER IS HOW IS THEY CONTINUOUSLY REINVENT THEMSELVES AND STAY AHEAD OF THE CURVE. AS A FIRM WE HAVE TO FIND A DIFFERENTIATOR,

be a Rs 1000 crore if we are just doing the same thing,” he says.

One definite target that Saraf does share is a financial one that he's set. “I have told my partners that I wish to be a Rs 1000 crore topline firm in the next 10 years, so that is a goal I have to achieve.” He goes on to clarify that it doesn't necessarily mean he wants to be the largest by size. “The idea is to be to a high-quality firm only for very complex work and deals and the go-to firm for that sort of work,” he says. He points to American law firms such as Skadden, Arps, Slate, Meagher & Flom as well as Weil, Gotshal & Manges LLP as role models. Weil, Gotshal & Manges LLP is one of the largest law firms in the world with a revenue in excess of \$1 billion and over 1000 attorneys. The former is also one of the biggest law firms with reported revenues of over \$2 billion. Saraf's ideology is fairly clear and he knows he will need a differentiator. “When I talk to my partners and say, we all concur that we can't be doing just the same work which every other firm is doing because right now. If we assume firm A is at 300 crore, and firm B is at Rs 500 crore, we can't

Saraf says that he expects 50% of revenue in the next five years to come from litigation and arbitration. “I think there's a vacuum in the market for that sort of work, so the model, is quantity not quality.”

Why does Saraf have that view? Saraf says that most litigators and arbitrators are not trained to appreciate commercial aspects of the transaction and sometimes miss paying attention to what clients' goals are from arbitration/ litigation “I have seen lawyers screw up the best deals and best litigation by failing to relate to the commercial objective of the client”

As the Indian economy has grown from 2.83\$ trillion to \$5 trillion, and journeys on to become a \$10 trillion one then five to 10, the thinking in some, quarters is that the focus of the government on judicial reform is growing to interpret that justice is only justice when it is quick justice.

As Saraf points out, when it comes to enforceability of contracts, India is at the bottom, No.143 in the global rankings.



The time is coming to an end, where lawyers particularly court lawyers, who can just get a stay order, and can let cases linger, he says, and he may have a point. But the important thing is to understand law, the way law ought to be understood, not the way the law has been written. Saraf plays back a quip from business legend and management Guru Jack Welsh. “He had said ‘I don't hire lawyers to tell me what I cannot do. I hire lawyers to tell me how I should do what I want to do?’”

If harnessed the right way, a differentiator like that could make all the difference.