taxsutra

realtime informational edge

# THE HIGHER BAR

## JOURNEY OF LEADING LAW FIRMS & LEGAL EAGLES

# TRILEGAL: THE NO SUPERSTAR LAW FIRM

**By Pavan Lall**

Law firms when getting started, usually embark on a journey in the city of business they are most active in or where their founders are based before branching out into other locations or going national. In that sense, Trilegal's tack of starting in three difference cities at the same time since inception speaks not just volumes about its innate confidence in being able to rack up clients, but also the established relationships that its founders had from the very get go.

Officially, Trilegal started in 2000 with five Founder-Partners that included  Akshay Jaitly and Anand Prasad in Delhi, Karan Singh and Sridhar Gorthi in Mumbai and  Rahul Matthan in Bangalore. The five young men had already known worked with each other in different capacities. "*The idea was bubbling in each one of us that we have to do something entrepreneurial, because the options in India at that time were few, and* the business of law was mostly family-owned firms or proprietor firms and it was not interesting or exciting for us to go work there," Sridhar Gorthi, Management Committee Member at Trilegal notes.

Interestingly all five were working in different places at the time. Akshay Jaitly, worked at TERI and Ashurst London before founding Trilegal; Sridhar Gorthi - worked with Arthur Andersen and Lex Inde, Mumbai; Karan Singh was with Andersen Legal; Rahul Matthan and Anand Prasad worked at Dua Associates.

The broad vision of the firm was not born out of the desire to drive greater profitability but to create a brand new kind of law firm, the Partners say. "*We wanted to set up a meritocratic organization, that was transparent and where any person joining us would have great clarity and visibility in terms of their career path*," Gorthi says. Nishant Parikh, member of the Management Committee at Trilegal goes on to add that the bigger question on the minds of all young Partners was "*What will it mean to be a Partner? Will it be a true partnership, which is what was missing in other firms*."

His point was there was always that ceiling beyond which a young aspirant could never be in parity with the family or the one or two founders, and that was very demotivating. That was what Trilegal purported to fix at an enterprise level.

If a startup company is judged by its ability to drive revenue and profitability then Trilegal got off to a racing start when created.

Gorthi says, "*to be honest, we thought in the first year we might do Rs 60-70 lakhs and we crossed one and a half crores. We always knew that it's, you know, an underserved market, because we were practicing and we saw that there were very few lawyers who*

**"WE SAW QUICKLY THAT IF WE WERE TO HAVE RELEVANCE WE WOULD HAVE TO HAVE SCALE," SRIDHAR GORTHI, MANAGEMENT COMMITTEE MEMBER, TRILEGAL**

*could provide good quality advice in a responsive and business friendly manner. But the scale of the opportunity took us by surprise, and we were close to doubling our numbers every year, in the early days.*"

The fact that they were a startup firm didn't seem to be a deterrent for business or big clients. "*In fact, in some ways, we had an advantage because we understood technology better, we understood the new economy company laws better. So the Vodafone Hutch acquisition was the real big one that we were acting on that put us on the front page of all the business papers*", Gorthi says.

Telecom was one sector that gave them a lot of traction but old economy corporate houses were also in the mix. They also got M&A mandates from the Godrej Group of companies and executed a few acquisitions for them. All the while Trilegal was working in tandem with foreign law firms too.

Gorthi says that one reason that was happening was because of the way they were able to communicate with new economy clients. "*We were able to speak their language, better understand their questions… So all of these things got us a lot of attention. But the main thing was that it also allowed us to attract the best talent. We were not as bureaucratic in our processes. There was a lot more freedom at Trilegal.*"

That's not just business spiel. Parikh says that at Trilegal nobody calls anyone 'Sir' and if they do, they are told to call Partners by their name. Gorthi opines that they ensured that was how it worked from day one because in some ways that was also the culture at Andersen where some of them came from.

"*The absence of rigid hierarchies is one of our key differentiators,*" said Parikh.

Today that's a bold statement given that the firm has over 700 lawyers but the foundation was built thanks to a premeditated approach.

Parikh says that in the first 15 years the firm had practically zero inorganic growth which basically meant that people were becoming Partners from within the system.

Then, in 2010, they decided to do what many organised and fast-growing corporate houses do: create a codified system of values, and principles, a mission statement as it were.

"*We actually had a very detailed exercise where we put down our values - simple values -  and the four values that we articulated were Respect, Integrity, Professionalism, and Firm before Self, and we kept reinforcing them from time to time. Especially when hit with practical situations, to guide us as to what we should be doing when somebody is not really toeing the line,*" Parikh says, adding that the firm knew it would have to deal with difficult personalities but that Trilegal would also make zero exceptions to its codes of conduct.

Gorthi says that knowing what demotivated him and


his peers as young lawyers, was a learning and used to avoid those pitfalls especially while growing. "*We saw very quickly that if we were to build relevance, we had to have scale, and we didn't want to be a boutique, because in a boutique, young lawyers who are joining can't see the path to partnership.*"

So what else did the code include? Gorthi says that it included the drive to create a workplace that catered to a non-family, non-promoter sense of ownership.

It was vital to not create or own assets in the name of the partnership.

What he means to say is *that "if a partnership, for example, buys the office building because they have the money, then suddenly the extent partners are the owners of that property, and that becomes a barrier to future partners. So you are forced to create separate classes of partnership.*"

More importantly, the driving spirit was about transparency. "*We also wanted to be one true firm and there had to be one balance sheet across the board because how will you invite other partners if you have multiple balance sheets and fancy footwork and financial gymnastics? it becomes a barrier to offering partnership. So one clean, absolutely clean, balance sheet that you can show to anybody and explain with third grade arithmetic was followed*" Gorthi says.

That of course begs the question if the Founding and Managing Partners have a dominant equity stake in the company?

Parikh says that the Founding Partners (put together) now have somewhere between 10% and 12% of equity with the remainder distributed between around 80-plus equity Partners. Trilegal is one of the few firms to deploy a full lock-step system of equity distribution.

Parikh says that every Partner is an equity Partner of the firm, and has a share in the equity of the firm. "*Now, like many international firms, we have what is called an equity lockstep or a ladder. If you were to make it to Partner, then you start with five points, and then over 13 years, you move up the lockstep until you reach the highest number of points that can be achieved and then you are capped. So all points are put together in the system and that is the total equity base, and then the simple mathematics is that the total profits divided by the total points is the profit per point. So if somebody holds 5 points, then 5 multiplied by the profit per point is that Partner's take home. It's that simple,*" Parikh says, adding that most importantly "*Everybody's equity points are increasing, and the base is increasing, but so is the profit per point.*"

Nobody has any special rights in this partnership. If the firm does very well, everybody does well. Equally,

# THE HIGHER BAR

it's not just all work and no play, and the firm also invests in building team-spirit, collaboration and a sense of fraternity amongst its employees. Company offsite and retreats have happened in foothills of the Himalayas, Sri Lanka, Dubai, Phuket and Goa. No work is discussed during the retreats and there's good experiences, conversations and good times.

Parikh says "*The firm is so collaborative, and lawyers across offices work with each other all the time. There are events where people can let their hair down and get to know their colleagues.*"

**"TRILEGAL KNEW IT WOULD HAVE TO DEAL WITH DIFFICULT PERSONALITIES BUT ALSO THAT IT WOULD MAKE ZERO EXCEPTIONS FOR ADHERENCE TO ITS CODE OF CONDUCT," NISHANT PARIKH, MEMBER MANAGEMENT COMMITTEE, TRILEGAL**

In essence, the events serve as a platform for people to get to know each other well but are sandwiched with entertainment; and some thought-provoking drills that include high profile speakers and performers.

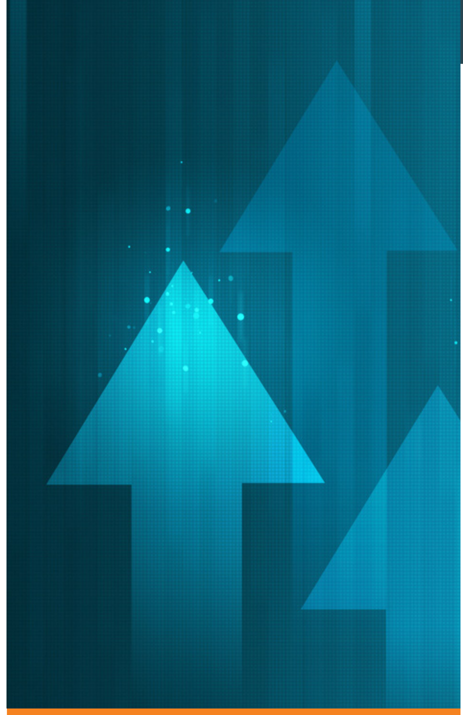
Interestingly it was not always that Trilegal ran its shop in the described democratic and level way that it is today.

Back in 2010, the firm was running along the lines of other firms in the market where they had salary Partners, and equity Partners. But at the time there was a very wide discussion on how the partnership should be structured, because it was creating two kinds of different subcultures in the firm, with reduced alignment between Partners.

Parikh, who was a salaried Partner back then, said the discussions were ongoing but culminated at one of their retreats at the Park Hyatt hotel in Goa.

The trigger was the fact that they had inevitably created different classes of Partners and therefore the exact same barriers that they had originally decided to avoid as a firm. Gorthi says that "*Principally, it was not right. We were calling a lawyer a partner, but he or she was behaving like an employee, because they were being paid like an employee, so it became an existential question.*"

He adds that the irritation levels were also visible across the firm and Parikh recounts that salaried Partners jokingly referred to themselves as "half-pants" and to equity Partners as "full-pants." Gorthi recalls that salaried Partners would say "*That's easy for you to say, but I need to get to my target to make the money. And you are still signing that check. So, are we equal partners? And then we had to admit and say no, and realised it had to be fixed and the all-equity lock-step system was created.*" That was a defining moment in Trilegal's history.



# THE HIGHER BAR


Jyotsna Jayaram, a Bengaluru-based lawyer whose first job started with Trilegal where she is now a partner, began her career with them in 2011 and became Partner two years ago. "*A lot of people go through the Partner selection process, which is very rigorous. It's quite overwhelming on that day, because you are put in front of a panel of partners who you may not have worked with closely to really display and demonstrate why you should be invited into the partnership,*" she says. "*It is no doubt scary, it is meant to be a process that brings up out the best form of rigour in you because it makes you really have to walk back memory lane and see how you've evolved as a lawyer, how you reacted to various situations and so I thought that was a real highlight for me because it forced me to pause to first believe in myself and know that I'm here because I'm good enough to make Partner.*" One reason why she's never looked elsewhere to join is she started out this journey with a tremendous amount of respect and freedom of thought. "*The law is a very aggressive profession. I really believe that if you were given the opportunity to shine without having to say you're going to push someone off the edge to do that, it resonated with me. The fact that I may be starting out a career with no knowledge and no basis to make a point, but still being allowed to do so, is something that was encouraging.*"

She recalls being in her first year, and taken to negotiations where she was allowed to speak even if making mistakes, while a Senior Partner was there to course correct if necessary. Jayaram says. "*I think that respect is something that is very deeply ingrained in our culture. It is a young firm and a lot of what each of us go through is relatable to the other. And as a result there's often either a*

**"WITH TRILEGAL WE ALWAYS GET THE MOST SUITABLE LAWYER, NOT THE SECOND OR THE THIRD MOST SUITABLE LAWYER, WHICH NAILS IT FOR US," SHOTA KATO, GENERAL MANAGER, LEGAL DIVISION, MITSUI AND CO. INDIA**

*sense of empathy, if not sympathy, or if not just being sensitive. Yes, things are tough, because we are also very ambitious, very aggressive in terms of our growth as a law firm.*"

Other partners at the firm such as Prasan Dhar say that Trilegal is the first Indian Law Firm he's worked for after having embarked on his career abroad, "*Mostly for one reason : the Culture.*"

"*The ask was how close can I get to what to what I am used to, which was working in a very sophisticated British law firm, and the answer was that there is no*


*place in India save for Trilegal. That became evident after I spent a few years here both in terms of freedom for Partners and Practitioners and also in terms of the cultural engines, which make it very laissez faire and entrepreneurial but also collegial at the same time.*"

No one at Trilegal feels they are working for someone but instead have shared values and are part of the same pack, he adds.

At one stage Dhar actually thought the fit may not have been as it turned out. "*I expected it to be much more hierarchical than it actually is and less laid-back. There was no question of calling anyone Sir; the names on the doors of the Partners were all first names - not designations.*"

In recent years Trilegal's resume has continued to grow with top-notch work that included the Piramal-DHFL acquisition, the UBL take-over by Heineken, the Zee-Sony merger, the Franklin-Templeton matter and setting up platforms for private equity fund Actis. Other representations include work for investors in Nykaa, Zomato, Byju's, and collaboration closely with Chinese e-commerce giant Alibaba.

Clients who work with Trilegal say they never feel they are being relegated to professionals who are filling in for other experts.

Shota Kato General Manager, Legal Division, Mitsui and Co. India Limited, a global trading and Investment Company with an international network spanning 66 countries, says that they have worked with all firms including AZB, CAM, SAM, Khaitan & Co and other small ones too. "*We had a long relationship with Charandeep Kaur of Trilegal and her team and she had been working with Mitsui since she was a junior in a law firm, and now she is the head of Delhi and Gurgaon office, and with her extensive knowledge, worked best for our purposes.*"

Kato goes on to add that Trilegal always provides the best suitable lawyer and the team for Mitsui. Not the second or third team. "*I understand that big law firms have many lawyers. And so when we need to have an M&A lawyer, there's many M&A lawyers, right. And they need to use everybody. So we may end up working with the, you know, third best lawyer, but with Trilegal we always get the most suitable lawyer, which nails it for us,*" he says. "*Also the quality assurance can be done through our frank relationship so that if certain lawyers are too busy working on other matters, I can call up Kaur to remedy the situation, if so needed.*"

When it comes to the Indian corporate landscape, leaders with modest beginnings come in two variants, which is to say they can have unbridled ambition or then a conservative outlook, How does that work for Trilegal where all or most of its Partners don't come from silver-spoon ancestry?

Parikh clarifies what their DNA is composed of. "*Honestly, all of us, I think are middle class folks, who are the most hungry but we are also conservative about who we get into our fold.*"

In recent times, Trilegal has also gone ahead and roped in lawyers from other top-tier firms to include the Zia Mody-led AZB & Partners. Last year, they hired five partners from AZB, including Sai Krishna Bharathan, Shivani Kabra, Pallabi Ghosal, Vivek Bajaj and Richa Choudhary. Some lawyers have seen the move as aggressive, even describing the expansionist move as displaying killer instinct. Gorthi says there's more to the picture. *"I think a lot of what people perceive as ruthlessness or killer instinct, is simply confidence and the decisiveness that comes with the strength of what we have built, the stability of our culture and its foundation. So when we have found that somebody's a good fit, then we don't have to worry about bringing them in.*"

The Trilegal model is one which is akin to the global lockstep model which, especially in the Magic Circle of law firms in the UK, is facing challenges because "rock star" lawyers want more and more. Does Trilegal see that as a challenge? "*We are alive to this dynamic. Which is why we have periodic gateways to ensure equity value is protected. We also have a bonus pool to reward exceptional performance.*" Parikh says. "Ultimately, 'rock star' culture leads to hoarding of work and taking credit for work executed by other partners and we don't believe in encouraging that."

The bottom line: For Trilegal it will always be the Firm and the brand which is the star.