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LEGAL AND TAX COUNSELING WORLDWIDE

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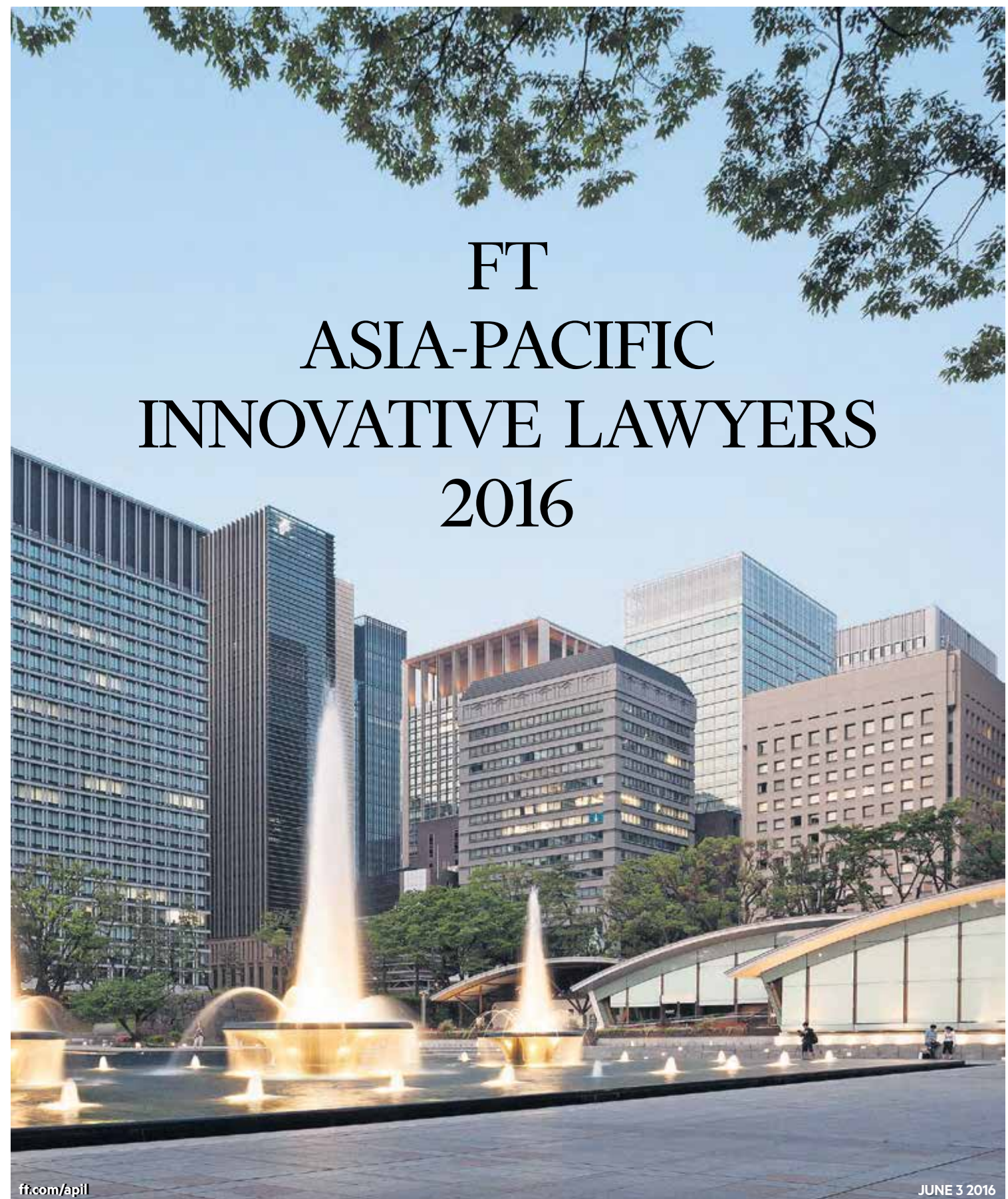
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“Most Innovative Indian Law Firm, 2014 and 2015
Among Top 5 Most Innovative Asia – Pacific Law Firms, 2014 and 2015”

Financial Times, London

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Asia-Pacific Innovative Lawyers

Overview Inward-looking and retrospective firms will not prosper, writes *Reena SenGupta*

Success comes from turning orthodoxies on their heads

Law firms as professional service providers are not normally noted for their inventiveness. Unlike the Big Four accounting firms or top management consultancies, they tend to organise themselves around the specialisations of their own practice rather than their clients' needs. In addition, because the law is based on precedent, lawyers are trained to look backwards. This inward, retrospective focus is not conducive to new thinking. Yet this year's Asia-Pacific Innovative Lawyers report shows many indigenous firms are turning orthodoxies on their heads.

King & Wood Mallesons has taken the radical step in its China offices of organising itself along industry lines rather than by its legal expertise. In a move that shows its reorganisation is more than marketing, KWM will now report profit and loss by industry sector, one of very few law firms to do so globally.

While this has been a trend in the UK for the past 15 years, few law firms have gone so far as to reflect an industry focus in their financial accounting. The initiative was devised by a lawyer, Shao Zili, who had spent five years outside the legal profession.

Mr Shao, previously chairman and chief executive of JPMorgan China and now co-chairman at KWM, says: "In banking I saw that industry focus is the most important thing. You are not a general banker, you are a healthcare or real estate-focused banker, for example. Clients don't really care about what we do legally, they care about what we know about their industry."

Another firm that is ahead of the curve is Nishith Desai Associates, an Indian law firm. It adopted its industry focus, or "vertical" approach to sectors, in the mid-1990s, well before many UK firms. With only 75 professionals, NDA tops the FT's ranking of firms

headquartered in the Asia-Pacific region this year. One reason it punches above its weight is because it invests half its annual profits in research and development. Their competitors tend to use their profit pools to pay partners.

More radically for a law firm, NDA's business model is based on predicting the future and staying ahead of new trends such as cryptocurrencies. When he founded the firm in 1990, Mr Desai realised he could not compete with other Indian law firms that had 100-year-old brands. Instead, he says, he looked at technological, political and social developments that could throw up new legal and tax problems and positioned his firm to advise on them.

The demand for lawyers to look forward and to advise not only across practice areas – such as contract law and dispute resolution – but also across industries is becoming more common in Asia. Even established law firms such as Kim & Chang, one of the largest in South Korea, are stepping out of the traditional legal role.

'Clients don't really care about what we do legally, they care about what we know about their industry'

When the South Korean government announced plans last year to grant the first two internet-only banking licences, Kim & Chang was involved in the bidding process. The government had not issued a banking licence for 25 years, which meant the new banks had to be created out of a tangle of pre-internet regulations.

To complicate the lawyers' task, Kim & Chang's client, telecoms company KT Corporation, was the leader of a 21-member consortium, which included Alipay, the Chinese online

payment platform, and many non-financial companies. Kim & Chang had to field more than 30 lawyers who could work across different specialisations, foster convergence within the consortium and work with the regulators to create K Bank, the new company.

This convergence of industries and technology to create new types of business propels legal innovation worldwide and underpins many examples showcased in this year's report. The other important driver of law firm innovation, particularly among the international firms in the region, is competition.

As the indigenous law firms modernise and branch out, international firms find they are now competing with them on an equal footing. The Asia-Pacific region is the one area of the world where UK and US-originated firms jostle equally for position. This is reflected in the FT's rankings of international firms over the past three years. Unlike in the ranking of firms headquartered in Asia Pacific, the firms that occupy the top 10 positions in the international ranking changed a great deal over the period.

This year, Herbert Smith Freehills occupies the top slot, a jump from 17th last year. Neither the UK's Herbert Smith nor Australia's Freehills, which merged in 2012, was then known for innovation. But four years on, the merged firm's performance in this report shows it has grown its Asia-Pacific presence. Its work includes BHP Billiton's demerger from South32, the largest in Australian corporate history, and CGN's purchase of Edra Global Energy Berhad for \$2.3bn last year, the largest M&A deal in Malaysia.

More revealing is a recent announcement on strategy. Cultivating innovation is listed as one of the five ways in which it wants to become a new type of law firm for 2020. This underscores how finding paths to inventiveness has become a priority for many firms.



Asia-Pacific Innovative Lawyers

FT 25 (Asia-Pacific headquartered)							
HQ Country	Rank	Law Firm	Business of Law	Business of Law – Technology	Corporate & Commercial	Finance	Total Score
India	1	Nishith Desai Associates	68		62	70	200
Australia/China	2	King & Wood Mallesons	27		68	66	161
Australia	3	Gilbert + Tobin		47	46	42	135
South Korea	4	Yulchon	67		22	42	131
South Korea	5	Kim & Chang			40	70	110
Australia	6	Corrs Chambers Westgarth	23	24	42		89
South Korea	7	Shin & Kim			21	43	64
India	8	AZB & Partners			19	38	57
China	9	Fangda Partners			48		48
Japan	10	Mori Hamada & Matsumoto			26	19	45
China	10	Zhong Lun Law Firm			24	21	45
Japan	12	Atsumi & Sakai	44				44
New Zealand	12	Simpson Grierson	44				44
India	14	Anand and Anand	21	22			43
South Korea	14	Bae, Kim & Lee			22	21	43
Singapore	14	Rajah & Tann Singapore	43				43
SE Asia	17	DFDL				42	42
Singapore	17	WongPartnership			23	19	42
Vietnam	19	LNT & Partners			25		25
Australia	19	Salvos Legal	25				25
Singapore	21	ZICO Law	24				24
Australia	22	AdventBalance	23				23
China	22	Dentons			23		23
China	24	Beijing East IP	22				22
India	25	Khaitan & Co				21	21

FT 25 (International)							
HQ Country	Rank	Law firm or organisation	Business of Law	Business of Law – Technology	Corporate & Commercial	Finance	Total Score
UK/Australia	1	Herbert Smith Freehills	68		41	42	151
UK	2	Linklaters	40		64	46	150
UK	3	Norton Rose Fulbright	24	44	42	18	128
UK/US	4	Hogan Lovells	41	20		44	105
US	5	Shearman & Sterling			40	62	102
UK	6	Slaughter and May		21	44	25	90
US	7	Kirkland & Ellis	20		42	22	84
US	8	Skadden, Arps	22		46		68
UK	9	Pinsent Masons	24			43	67
UK	10	Ashurst	20			43	63
UK/US	10	DLA Piper	20	24		19	63
US	12	Latham & Watkins			41	20	61
US	12	Ropes & Gray	20		23	18	61
US	14	White & Case	21		20	18	59
UK	15	Allen & Overy			25	26	51
UK/US	16	Baker & McKenzie	26			20	46
US	17	Sullivan & Cromwell			24	20	44
US	18	Sidley Austin			21	21	42
US	19	Morrison & Foerster	20		21		41
US	20	Mayer Brown JSM	26				26
UK	21	CMS	23				23
US	22	Cadwalader				22	22
US	22	Paul Hastings			22		22
US	24	Weil, Gotshal & Manges			21		21
UK	25	Bird & Bird	20				20