

TRANSCRIPT Episode 21 – Hemang Parekh

Jonathan Bench: Today I'm joined by Hemang Parekh, a partner at DSK Legal based in Mumbai, India. He is an experienced transactional lawyer and advises clients on their investments, divestments, and strategic decisions in the area of corporate law, commercial law, and other related law.

He has significant experience in M&A, private equity, investment funds, and venture capital investment transactions. He has covered the entire gamut of investment transactions, which includes the setting up of funds, to investments, to exits.

Hemang also happens to be a close personal friend. And Hemang, my bio could be the same as your bio. So I'm always happy to meet a fellow M&A corporate lawyer and talk about whatever's happening in the world—especially as important as India is right now. So thank you so much for coming to the podcast.

Hemang Parekh: The pleasure is all mine, Jonathan, and I'm grateful for you to have invited me to this podcast. I look forward to our interaction and learning something from you, and hopefully give you a little bit of perspective about things in India and the way things are. So I look forward to this conversation.

Jonathan: Thank you. Now tell us a little bit about your personal and professional background. You are a lawyer, but I'm always curious how my fellow lawyers became lawyers—whether it's something you always determined that you would become or whether it's something you fell into later in life.

Hemang: No, I was actually quite determined to take up law. There are two reasons for that. One is I come from a family of lawyers, so I was exposed to the legal system—courts and client-relationship kind of things—from a very early age. My uncle is a lawyer, so during school holidays I used to go to the court with him just for fun.

And that really fascinated me. The other important reason is I am very bad at mathematics. And I realized that this is one profession where you have to play more with words rather than numbers. And that's why the legal profession was an obvious choice for me.

Jonathan: Great. That's such a fun detail. Let's talk about India now because India is a massive country in terms of people and power and strategic position for so many reasons.

Such an interesting and rich history, which we won't have time to get into too much today. But tell me now your perspective at this intersection of law and business at this time in India's history. What are some significant things that we should be paying attention to?

Hemang: So I think, Jonathan, I keep saying this to my colleagues, my clients, and everyone I meet. I may have said this to you also in the past. I think this is the perfect time to be in India. This is the perfect time to be in the legal profession as an M&A lawyer in India. We are on track to become the world's third-largest economy in the next few years. The workforce in India is a very formidable one. We have a huge population of English-speaking workforce in the right age bracket—below 45–50.

And because we are so highly populated, we have a huge market within the country itself. So when you look at M&A practice in India, for example, there is a lot of demand for M&A in spaces like healthcare, education, consumer, etc.

So I believe, you know, the way the global scenario is today at a macro level—the way the Indian economy is being driven and the potential that we have to offer—we will cover some of these in more detail as we move ahead in this conversation. I believe India is very well poised. And for Indian lawyers or Indian people who are in this kind of profession—bankers, tax advisors—it's a perfect time to be in India.

Jonathan: And you and I talked about this before we hit record. I get to come visit you in India in a couple of months. It will be my first trip. And what you said really resonates with me as a lawyer who has been focused on China almost exclusively for over 20 years.

When I look at the way the Indian demographics have changed—we're surpassing China—I think last year or the year before. Certainly the demographic brackets matter a lot for a good labor pool: having educated people, having English language. There are many things that the Indian government and the Indian economy have positioned India in a much better way to take the wind out of China's sails than any other country. And that is going to be very interesting to watch.

I'm certainly still invested in China. There are a lot of good friends there and clients, but I also like to focus on the realities and what all the economic indicators and all the demographic indicators show: that this is India's time. And India will continue to take advantage of the opportunity. So that's what I see from my perspective in the U.S.

Hemang: That's correct, Jonathan. I would put it a little differently. I think if you experience this as a law firm, as a partner in a law firm, many of your clients would also be working with other law firms because of various reasons. Maybe there are certain factors like comfort or specialized practice areas.

I think the India-China story is somewhat similar. While China has its position—and in certain aspects China is probably even ahead of India—I wouldn't deny that. But the world is growing too fast. A lot of things are happening in the world.

And therefore, like clients, countries also look at having more than one country as a support system. So if you are in the U.S. and you're looking at supply chain, you would not want to be dependent only on one country.

And India being, again, the points we discussed earlier—we are a good alternative. So I think there's enough room for all countries to grow. And the more India improves itself, the more we will attract from other parts of the world in terms of business opportunities and everything.

Jonathan: A very diplomatic way of rephrasing what I said—so well done. Let's talk about India's regulatory and market shifts in recent years. How should a business and their legal advisors think differently about structuring deals in this rapidly changing environment?

And I will add a little gloss to this from what you have taught me through the years: people like to say that India is arriving or India has arrived, but you correctly say India has been arriving for many years and has continued to improve the market environment. So talk a little bit more broadly about that statement, please.

Hemang: So Jonathan, what I have seen in the last few years—post-COVID especially—the government is increasingly realizing the need to be self-reliant, which I think most countries and governments are looking at, while at the same time being a global support system.

And that's exactly what we are seeing in India right now. The government is trying to facilitate more foreign investment into India. At the same time, they are trying to create opportunities for Indian companies to grow. At the same time, it's trying to manage the whole geopolitical angle.

I'll give you one example. India's securities market—our capital market—is growing by leaps and bounds. The number of companies going public and getting listed has increased a lot. In my 25-year career, this is the first time I'm seeing that for a consistent period of three to four years, companies are constantly looking at listing.

Now, the government is trying to change laws to meet the growing business requirement, while at the same time regulating the environment and ensuring that everyone is doing things which are compliant with law. And at the same time trying to manage the whole geopolitical angle. So all in all, from a lawyer's perspective and a businessman's perspective and a promoter's perspective—or a fund manager's perspective—there is a balance that all of us need to maintain.

So if I'm advising a U.S. client doing an acquisition in India, it's not just the legal aspects or the regulatory aspects. They are also trying to understand how stable the government is, what policies could be going forward.

What can be the right geography in India where I can get the right level of workforce? So I think the line between business and legal is gradually blurring where lawyers start thinking like businessmen and businessmen are also thinking like lawyers because there is a balance that's required from both ends.

Jonathan: I remember you telling me in times past about—I believe it was a Japanese car company that listed Hyundai.

Hemang: Korean—Hyundai.

Jonathan: Okay. So Hyundai—remind me the details because I think you said something like the Indian subsidiary valuation exceeded the whole parent company or something. Tell me the real details that I got wrong.

Hemang: Yeah, so Hyundai's subsidiary in India got listed a year or so ago. And the entire listing was an offer for sale, which means they did not raise primary funds for expansion for the company. But they were actually able to sell the parent company shares on the Indian stock exchanges. And the money was taken abroad—back to Korea—for various purposes, including repayment of their own debts, etc. So this, I found to be a very unique situation where you have a foreign multinational operating in India.

And the Indian government recognizes the fact that we should encourage them to make money from the Indian investors and take the money out. So I felt it was a very positive and welcoming signal to all overseas investors and overseas companies that we are open for free trade. We are open for giving opportunities to work with you and explore the Indian markets.

Jonathan: Let's talk about your 15 years of experience in funds work, private equity, and M&A. You talked a little bit about the relationship between lawyers and business leaders tending to blend the line more now than ever before. How do you see that happening? And especially how is technology changing the way that you interact with your clients and your clients interact with you?

Hemang: So I think technology is—and I've spoken to you offline, and I've spoken to friends in other law firms and jurisdictions—let's divide technology in two parts. When you have standard basic technology—this conversation, you're in the U.S., I'm in India, and we're having a conversation seamlessly through technology—that's one part of it. The other part is AI, which is changing the world very rapidly.

So what has happened is, in the legal profession in India, we are also heavily moving towards technology. For example, most of our courts have virtual hearings now. Your filings before the courts have become paperless. A lot of lawyers are moving paperless. So while

we are embracing technology, we are also stepping forward in our ESG attempts where we are becoming more environmentally friendly.

From the client's perspective, clients are yet to experience—I'll be very honest—how law firms will integrate technology in their services and how that will change the service experience. It's happening, but at a small scale right now. It's going to keep increasing as time moves ahead.

We've got some legal AI tools in India as well. A couple of them are global, so we have them in India. And today they are being used more to ease the pressure on the law firm or the team, rather than being very client-facing.

I think it will still take some time for clients to experience the benefit of AI and technology directly for the services which lawyers are going to provide to them.

Jonathan: Which types of your clients are using AI more than others? Which are adopting more—your investment banking clients, your fund clients? Where do you see adoption picking up most quickly right now?

Hemang: So I think it's mostly—not for legal—but generally outside of the legal world, most people are looking at AI. For example, we have consumer companies as clients, and they are ramping up their technology because their basic sales are happening through online platforms. So data collection is very important. Data analysis is very important.

We recently concluded a transaction where a company has grown by leaps and bounds in the last five years purely due to online sales. They don't sell their products offline in any store—you can't walk up to a supermarket and buy their product. You can only order that product online. And the entire business has grown on the strength of technology.

So I think it's mostly consumer. A lot of education institutions are also adopting technology because it's making the world more seamless. Rather than burdening children with books and bags, they're becoming more—and children these days are anyway more comfortable managing an iPad or a laptop.

So education companies, healthcare companies—we're seeing them adopt a lot of technology because it's the volume of data and the services they are offering. There are med-techs growing in India, and they are able to provide products that help with various aspects of healthcare. So I think these are some of the sectors where we've seen a lot of positive impact because of technology being adopted.

Jonathan: I'm always interested in the rollout of new technology, and certainly nothing in our lifetime—short of the internet itself—has been as consequential as the rollout of AI in the last few years.

Hemang: Yeah.

Jonathan: There was an MIT study that came out at the end of last year that talked about 95%—all AI implementations that were tried in the prior year failed, so only 5% succeeded. Companies are throwing money at AI partly for optics and partly because they are genuinely worried about keeping up.

How is that adoption being talked about within the Indian business ecosystem? Is it positive? Is everyone leaning into it? Is there an acknowledgement that it's not being used as well as it could be?

I assume the MIT study was mostly U.S.-focused. So I'm curious if there's been talk in the Indian media or business communities around, "We're all adopting AI, but I'm not sure we're using it well yet." And I think this gets to the heart of what you and I do—advising business clients on strategy. We get involved in conversations around business strategy and what makes sense, which is strictly not legal. We are that focal point. So what is being said in the Indian business community right now around AI adoption?

Hemang: So I think there's a lot of positive sentiment towards AI adoption in India—be it law firms, large consulting and accounting firms, or even the clients and corporates. I think there is a large acceptance of AI. People are currently using AI at a very basic level, except where companies—like consumer companies—have already invested in customized AI products.

So to break it down in a more structured response: there is positive sentiment. People want to move towards AI and people are moving towards AI. Some clients and businesses are ahead of the curve. Some are still getting there, but everyone's going in the same direction.

A company might have already created a customized AI tool where they are monitoring or analyzing data more accurately and they have reached 80–85% accuracy levels. Someone else has just set up a tool and is still in a testing phase.

For law firms, we have AI tools which are bespoke. They're fantastic. I've personally sat for a trial of a few of these products—they are really good. They have certain limitations because they also have trial and error and learning. They are trying to cover a lot and learn and grow more than what they are on a day-to-day basis. So all in all, it's a matter of time where we will see AI being extensively used for making life easier—for lawyers, clients, consultants, everyone.

Jonathan: It's great. I could talk about this all day with you. Let's pivot away from AI because it is so encompassing that I tend to get lost in conversations only on AI. Let's go

back to this concept of you as a private equity M&A partner often wearing your business hat almost as often as your legal hat.

Hemang: Yeah.

Jonathan: Maybe you end up clashing with clients from time to time. How do you think about that, your role as an advisor to your clients in this space? In U.S. law schools, when I was in law school 15-plus years ago, this was not a topic of conversation. Maybe it still isn't. But from your perspective as a practitioner, how do you think about this idea that you are simultaneously the legal advisor and often the business advisor as well?

Hemang: So you're absolutely right, Jonathan. Just like you mentioned about U.S. law schools, even law schools in India don't train you to become a practicing transactional lawyer. They teach you to become a lawyer. You learn the theory, but the kind of role you have to play in a law firm is not part of academics. It's something people learn practically with experience—as you meet more people and experience more situations. It's something you keep learning all your life.

Your question is global. It's something that I'm sure you experience, and lawyers across industries and jurisdictions experience. Yes, our role is not strictly confined to legal advice. We do end up becoming business advisors. Depending on the situation, sometimes you also end up becoming a close friend of the client, or the client starts relying on your advice a lot more.

In my mind, there's a simple process. Bring together all your experience. Tell the client honestly: in this situation, my personal view is this is what you should do, and this is the reason.

What tends to happen—and it took me some time to reach this stage—when a client puts forward a non-legal or business question, we start worrying: I'm not a businessman, I'm a lawyer. If my advice is wrong and the client suffers a loss, the client will blame me.

In India compared to the U.S., our legal liability is not that major an issue, but in the U.S. it's a big issue. You could be sued for a large amount if you give wrong advice. We don't have such situations so far in India.

But it's still a moral obligation. So I tell the client: I understand your question. This is my experience. This is what I think you should do. And if you do this and legally something goes wrong, you are protected. So I'm giving you legal and commercial advice.

Clients really appreciate it. I had a situation with a client who was doing a transaction. Sometimes, in the middle of the transaction, too many things happen and you lose focus. One day he called and said, "I need to sign the documents today and you can agree to ABC

things and accept some penalty clauses on me,” because he wanted to bind the other side. I said, hold on—you want ABC things. I personally feel we can get it even without you exposing yourself to a penalty as a fund manager because you're in a fiduciary capacity. nlf we take this approach and this line of argument commercially, the other side will agree. And that's exactly what happened.

After a week, the client called and said, “I'm really grateful because my judgment was clouded at that moment. I was chasing one thing and couldn't see beyond that. But I appreciate you giving me a personal recommendation and telling me this is not what you should do.”

The most important part is sometimes telling your clients that you don't believe their ask is fair, or that they should consider the other side's ask as fair—and being close to them, giving them a genuine feeling that you are protecting their interest and on their side.

Once you reach that comfort level, they involve you more in commercial conversations and want more commercial feedback. And the fear—what if I'm wrong—starts fading away as confidence builds.

Jonathan: Excellent points all around. Clients know there are legal risks. They come to us because they know there are things they're probably missing. But having someone who has seen this type of transaction 100 or 200 or 300 times—or has seen how a deal might go wrong—is extremely valuable. There are ways we can get through this even if things go sideways.

I always reiterate to my clients that this is a business decision, and even then they say, “I want you to tell me what you think I should do.” It's ultimately their decision, and I don't lose any sleep over it.

I tend to be more comfortable with risk than a lot of lawyers do. And I think that's why I gravitate toward this part of the law—there's a lot of uncertainty and all we can do is prepare, but at some point you have to jump. I like that there are deadlines for clients and that the pace of business is faster than the pace of law. That's what I find exciting. It keeps me coming back to the desk every day.

Hemang: Yeah, that's true. And what's really important is I feel over time clients have realized that no one's role is limited to what they are doing. Everything is accessible online. There are situations where clients read up the law and come and discuss with you. This is where the dynamics are changing. Lawyers are expected to be more commercially savvy, and clients are also becoming more legally savvy. They're learning the law.

If you tell a client, “Legally this is not permissible,” he won't just say, “Okay.” He will think about it like a lawyer, research, and come back and say, “But there is a way to do this. I read online if you do it this way.” So the world is becoming more dynamic. Everyone’s playing multiple roles.

Jonathan: Does that mean you have to start taking your math more seriously? Are you going to rely on AI to supplement?

Hemang: No—I’ll be very honest. I do have to take my mathematics more seriously. And I have started making an effort to do that. It's a point of having a mental block, and I'm becoming better at it.

Jonathan: I really enjoy math, but not because I naturally enjoy math. When I went to business school in the middle of law school, I did that because I knew I didn't know enough about business and I wanted to understand how our clients would be thinking. Accounting, statistics, finance—all of those classes knocked me absolutely flat. But it taught me that I can dig in.

Of course I use AI and spreadsheets to supplement what I don't know. I rely on finance people at the peak of their skill set. But data is so important. Data tells so much of the story. I like not having to rely entirely on other people. And I know you're joking that you're afraid of math, but it is really fun to be able to think about this. There are no limits on what we can learn or what we should be learning in this space.

Hemang: Yeah.

Jonathan: That's another thing I love about this job that I didn't get early on: my job would be to continuously learn. I had lunch with a young associate a few weeks ago, and she mentioned something someone told her: “If you love to do homework, you will love being a lawyer.” I had never heard it phrased that way, but it resonates with me. I liked learning for the sake of learning.

It's fun to think we get to continue to adapt as laws roll out and the world changes. Our clients value that because we are the ones who have to specialize in learning new things as they come up.

Hemang: Yeah, that's true. And I'll add to what you're saying, Jonathan. It's not just about learning because we are overloaded with information. Our mind space is cluttered. What is really special—and the part I really enjoy—is how at some point your thoughts filter out and become better.

When I was a young associate, my senior told me that a lawyer is always thinking. It made me an overthinker, not just about the profession but every aspect of my life. I believe that advice helped me.

But his point was: lawyers are always thinking. And I have realized that solutions to clients' problems don't come to you when you are sitting at your desk working on the laptop.

The solutions come when you're commuting, having a general conversation, or in the shower. At some stage, an idea pops up and you're like, "Okay, this is a simple fix. I don't know why everyone is fretting about it." If you tweak the commercials here, or change this position, you still have a 90% win-win for all of us. That's what you want as a lawyer.

So you're right—it's an amazing profession where we get to learn, evolve, think, and become better at what we do.

Jonathan: Agreed. One question left for you—although I could talk to you all day about all of this. If you were not a corporate lawyer at DSK today, and money were no object, how would you be spending your time right now?

Hemang: So I think, Jonathan, I'll go back to the conversation you and I had in between about what law schools do and don't do. I think that's a big gap. And I'm happy—not happy for upcoming lawyers, but happy that this conversation made me realize it's not just a problem with the Indian system, but even with a developed system like the U.S. market.

So, okay, I'll answer your question first. If I was not a lawyer, I would probably be training young lawyers to become good lawyers. Not that I'm claiming to be a good lawyer, but I have a vision or thoughts which I can probably help them with.

If I was not a lawyer, I don't think I would be running a tech startup, farming, or traveling the world. I might do some of that, but my sole focus would still be around the profession.

I would want to bridge the gap between a law student and becoming a law firm partner. There's a big difference in being a lawyer versus a law firm partner. How do you deal with clients? How do you keep learning? How do you trust others? Because that's a big factor.

I know a lot of lawyers who tend to say, "No, no, no, I will do this myself because if I give it to someone, it won't be perfect." That's a risk one has to take at some point, otherwise you're not growing. So I would be focusing on training, educating, or helping young lawyers to become partners and become better at what they are.

Jonathan: And I've already been the beneficiary of your wisdom. When we were in DC together a few months ago, you helped me think differently about the prospect of working in a larger firm and building a team and what that means.

Hemang: Yeah.

Jonathan: And I have benefited from that and look forward to continuing to steal your wisdom as often as you will give it to me.

Hemang: I think that feeling is mutual, Jonathan. I get to learn so much from you as well. I know you've been talking to people, podcasts. I've seen how active you are with AIJA. You were part of the OCA for the DC event. I see how much effort you are making. And more importantly, I see you spending time with your family and doing things that you like. I know you go hiking very often.

I'm observing, and I think all of us need to pick up something good from each other. These are things I'm picking up from you: you need to start thinking beyond just deliverables, beyond emails, beyond billing. You need to have a more macro view of things. And that's something you really helped me with, and I want to thank you.

And I appreciate how you introduced me to AIJA because it's fantastic to meet so many lawyers and understand everyone's thought process, cultural differences, and how we are still so similar to each other in many ways. Absolutely.

Jonathan: We are. Lawyers are a different breed and it's a great group to be a part of.

Hemang: Absolutely.

Jonathan: Well, thank you. This has been really fantastic. I'm looking forward to seeing you in India in a couple of months and certainly keeping in touch and continuing to do business together.

Hemang: Thank you, Jonathan. Likewise, I look forward to meeting you in India. Take care of yourself. I'll see you soon. Thank you so much for having me on your podcast.