Japanese investors deepen India bets, creating a bigger business opportunity for law firms

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Summary

Sifting sands of geopolitics has meant that India and Japan come closer. Last year, Japan pledged a target of JPY 10 trillion in private and public investments into India over the next decade. Since Aug 2025, 120 MoUs have been signed targeting over ₹1 trillion of cross border investments

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MUMBAI : MUMBAI: Japanese money is flowing into India, and the lawyers who handle M&A, PE and venture deals are feeling the surge. Japan desks at leading Indian law firms report their busiest stretch in recent memory, with some adding lawyers and others racing to capture a bigger share of a growing fee pool.

The momentum shows in a run of investments and partnerships announced over the past 12-18 months. MUFG Bank acquired a 20% stake in Shriram Finance, launched a dedicated venture capital fund for Indian start-ups and signed a strategic partnership with State Bank of India. Sumitomo Mitsui Banking Corporation took a 20% stake in YES Bank, and Mizuho Securities plans to acquire a controlling stake in Avendus Capital. The Development Bank of Japan invested in HDFC Capital's H-DREAM Fund.

"Due to the increasing deal flow between India and Japan, across M&A and venture and PE investments, our lawyers covering the India-Japan corridor are finding themselves the busiest in the last 12-18 months," said Abhishek Guha, partner, corporate practice, at Trilegal. ``We are eyeing an increased volume of M&A and PE-related activity in this corridor going forward and are gearing up for a busy time ahead."

The growing engagement comes amid shifting global geopolitics, the Russia-Ukraine war and rising US tariffs, which have brought India and Japan closer. Japan was among India's largest sources of foreign direct investment (FDI) equity inflows in the first half of 2026, investing $6.26 billion during January-June, according to government data.

"The India-Japan investment corridor is witnessing remarkable momentum, driven by global economic realignment, changing supply-chain strategies and India's strong growth prospects," said Rudra Kumar Pandey, partner and head of Japan desk at Shardul Amarchand Mangaldas & Co.

Last year, Japan pledged 10 trillion yen (around $65-100 billion) in public and private investments in India over the next decade. Since August 2025, 120 memorandums of understanding (MoUs) targeting more than ₹1 lakh crore in cross-border investments have been signed, government data shows.

India attractive destination

With Japanese companies reassessing their exposure to China amid rising competitive and profitability pressures, India is emerging as an attractive destination for long-term expansion. Against projected global growth of approximately 3.1%, emerging-market growth of around 3.7% and relatively modest growth across major advanced economies, India's growth trajectory stands out, Pandey said.

India's expanding network of free trade agreements also offers Japanese businesses opportunities to collaborate with Indian companies, establish manufacturing operations and use the country as an export hub.

"We are witnessing growing interest from Japanese corporations, financial institutions, private capital investors and, increasingly, small and medium enterprises. I expect this diversification to sustain strong momentum in cross-border M&A, joint ventures and investment activity over the coming decade," Pandey added.

Japanese venture capital (VC) firms and institutional investors are also increasingly shifting their focus from Southeast Asia to India, drawn by stronger IPO momentum, rising exit opportunities and a more vibrant technology start-up ecosystem, Mint reported earlier.

BeyondNext Ventures, Enrission India Capital, Incubate Fund Asia and Genesia Ventures are among the Japanese VC firms exploring India more aggressively as investments in their home market and Southeast Asia have failed to deliver significant exits.

More business

The growing activity has translated into more business for law firms advising Japanese clients. Firms are responding by forging partnerships with Japanese law firms and hiring lawyers to handle the potential increase in work.

In September, Argus Partners hired an entire team led by Saurav Kumar from CMS IndusLaw. Kumar joined as senior partner in the firm's corporate and M&A practice and head of its Japan and South Korea desk.

"The nature of engagements in this corridor has broadened considerably, with significant deal activity emerging in green investments, critical manufacturing and new-age technology sectors. As transactions in these specialized domains were historically uncommon in the Indian market, they introduce intricate regulatory, legal and operational complexities that demand an exceptionally high calibre of legal expertise," said Kumar.

On the private capital side, the pace of activity has also picked up. Around half a dozen deals and investment announcements have emerged over the past 12-18 months, including the transactions and partnerships involving MUFG, SMBC, Mizuho and DBJ.

"These are not small stakes or small deals. They are large, complex acquisitions involving significant investments by Japanese financial institutions. This reflects growing confidence in their understanding of India's legal and regulatory environment, and a deep conviction in the country's growth story," said Rishabh Shroff, partner, co-head of private client and head of international business development at Cyril Amarchand Mangaldas.

Such transactions require expertise in complex financial-sector M&A, backed by capabilities across tax, intellectual property and regulatory practice areas, he said.

"There is also a whole cadre of more routine compliance work and small-ticket M&A, where clients prefer straightforward fixed-fee or low-cost arrangements. Hence, a successful Japan desk like ours understands these market dynamics and can staff and price deals accordingly, depending on the needs of the clients," he said.

Even as the expanding activity is enlarging the fee pool, competition among law firms is also intensifying, particularly on pricing, Pandey said.

"While this growth is creating significant opportunities for Indian law firms, the India-Japan legal services market is becoming increasingly competitive, particularly on fees. Japanese corporations and their legal advisers are understandably focused on cost efficiency, although competitive pricing must be balanced with relevant sectoral expertise, transaction experience and quality of advice," said Pandey.