

“Vadilal moves from a Family run company to a Professional Run company”



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Vadilal, the popular Ice cream brand was established in 1907, more than a hundred years ago. It is a top 3 player in its industry.

The company was family run with different arms of the family managing manufacturing, brand, distribution etc. So, it was not an integrated unit.

The three family arms controlling more than two thirds of shares are run by Devanshu Gandhi, Rajesh Gandhi and Janmajay Gandhi. They ran it like this for the last 40 years, different but united by the brand name.

PE firms evaluated Vadilal over the last few years but all of them passed because of the family structure and related issues. And the PE sell out would have given the Gandhi family a one time gain and exit.

The family finally decided to bury their differences and step back from the company. Credit for this is due to Gaurav Marathe of Lincoln International who has been working with the family for the last 7 years to convince them to get to this point. This is a story of patiently building trust.

The family did something unthinkable even though they had younger family members who could have stepped into the business. It reconstituted the board and the board now has 7 directors, of which 4 are independent directors and 3 directors, one from each family. Control is not with the family. That's rarely done in India.

This is now a professional board run company and the family also has clear guidelines to ensure that the family stays out of running the business. A fair search process is on to get good professionals for CEO and CXO roles. Shalini Raghavan and Nagarajan Sivaramakrishnan are two of the Independent directors.

India has 5200 listed companies of which 66 pc are family run companies. Of these listed companies 65 pc have a revenue less than 500 crores and 80 pc have an EBITDA of less than 200 crores.

These companies have capital and capability issues to drive growth but dont realise it. Vadilal has opted to bring in Capability. The have opted for Change with Continuity laced with Capability over control. This is a gutsy move to step back from a company the family has built over 100 years.

The first meeting of the new board was held last week in the Vadilal office. The meeting was open, honest, constructive and future led. Some pictures attached.

This is a new business approach for family run companies. Its progress will be watched closely. There will be many issues , short term and long term to grapple with. Time will tell.

Ashwani Singla of Astrum is helping Kalpit Gandhi , Janmajay Gandhi and Aakanksha Gandhi to shape the future narrative.

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