

*Blood may be thicker than water, but in a
boardroom, equity is thicker than blood.*

LAW CRUMBS

FAMILY DISPUTE VS. CORPORATE DISPUTE
When Does One Become the Other?





The scale of the issue is significant.

Family businesses accounted for over 75% of India's GDP in 2022, with the share projected to reach 80–85% by 2047.

A family business can have two identities at once

family relationship

corporate structure

When the two collide, a dispute over succession, inheritance or family arrangements can quickly become a dispute over shares, board control, information rights and management.

The key drivers are often generational differences, undefined roles, unclear succession, ineffective communication, differences in business strategy, rivalry and unresolved historical tensions.

The deeper issue is that these are rarely isolated personal disagreements. In a family business, personal relationships overlap with ownership, management and decision-making. A disagreement about succession can therefore become a disagreement about control. A disagreement about roles can become a boardroom deadlock. A disagreement about an old family understanding can eventually become a dispute over shares.

FAMILY-BUSINESS DISPUTES



ALTERNATIVE DISPUTE RESOLUTION

resolving the conflict before it becomes structural



Mediation can create a confidential space to address questions of control, succession, roles and expectations while preserving the possibility of continuing the business relationship.

Arbitration, where the dispute is legally arbitrable and the parties are bound by an appropriate arbitration agreement, can provide a private forum for determining defined contractual or commercial disputes.

ADR should not be viewed only as an alternative after litigation has begun. A family constitution, shareholders' agreement or other governance framework can establish how disagreements will be escalated before they become boardroom deadlocks or court proceedings.



Negotiation

Mediation

*Arbitration / Litigation,
where legally appropriate*



TAKEAWAYS

1. Conflict is often a governance signal.

Recurring disagreements over roles, succession or decision-making may indicate structural gaps rather than isolated interpersonal problems.

2. Succession should be designed, not improvised.

Ownership, management and leadership succession should be considered separately and documented before a transition becomes urgent.

3. ADR should be built into governance.

A dispute-resolution mechanism is more useful when it exists before the dispute. Mediation can provide a confidential forum to address interests that a purely legal process may not capture.

4. Family arrangements must meet corporate reality.

A family understanding concerning ownership or control should be aligned with the company's constitutional and contractual documents.

5. A private dispute can have public consequences.

Where family members are promoters of a listed company, the consequences can extend beyond the family to shareholders, employees, lenders and other stakeholders.

