

DLF Group

As the DLF Group describes, DLF was founded in 1946. In its early phase, it developed properties largely in and around Delhi; in areas such as East Delhi, South Extension, Greater Kailash, Kailash Colony and Hauz Khas. In 1957, when the government assumed control of real estate through the Delhi Development Act in 1957, the group started to acquire land at relatively low cost outside the area controlled by the Delhi Development Authority, particularly in the district of Gurgaon in the adjacent state of Haryana. In 1963, it became an incorporation of American Universal (Electric) India Ltd. In 1981, it changed its name to DLF Universal Limited and in the same year it obtained the first license from the State Government of Haryana and commenced development of the 'DLF City' in Gurgaon, Haryana.

Its first landmark real estate development project – DLF Qutab Enclave, which has now evolved into DLF City, spread over 3,000 acres in Gurgaon and is an integrated township, which includes residential, commercial and retail properties in a modern city infrastructure with schools, hospitals, hotels, shopping malls and golf courses. Subsequently, it entered in many other types of real estate development. In 1989, it ventured into community shopping centres and in 1991 it entered into 1st “A” Grade office space. By 2002, it ventured into organized retail complexes. In 2003, it went into national of 11 cities-IT parks, retails, SEZs and Hotels. Subsequently, in 2004, it launched 125 acre Cyber City and launched IT parks across various metros.

Today DLF is a huge conglomerate with as many as 79 subsidiaries, 12 partnership firms, 6 joint ventures, and 2 associate companies spread across the whole of India. The company has also developed several alliances; in 2006, it signed an alliance agreement between DLF and Hilton International Co. to incorporate a joint venture company in India to develop, own and acquire 50 to 75 hotels and services apartments. The company has also an alliance with Prudential Insurance for a joint venture company to undertake life insurance business.

For undertaking its expansion and investment, the company has raised substantial amounts from the market as equity share. During 1997-99, it raised Rs. 3.62 crores.

Then in 2005-06, it raised Rs. 37.88 crores. Larger amount of equity capital was raised in 2006-07; amounting to Rs. 214.75 crores. Among the key promoters, corporate bodies of the group hold 82.98 % of the share and individual and Hindu undivided family hold 5.56%. The institutions and non institutions hold only 11.45 % of the shares. In other words, the shares are largely held through cross holdings of the group companies.

DLF Limited has grown substantially over the last two decades. From a total asset base of Rs. 87 crores in 1990, it has grown to be Rs. 23442 crores in 2008. During the same period, the sales have increased from Rs. 48 crores to Rs. 5530 crores. The profit after tax has increased from Rs. 0.57 crores to Rs. 2575 crores. Along with DLF Limited, the DLF Group has 17 listed group companies today and their total assets, sale and profit amounts to INR 371950 million, INR 97930 million and INR 41000 million respectively. Today, DLF group is one of the leading business groups of India.

The DLF Limited and the group companies have had several litigations surrounding the way they have acquired land from people, from government and through maneuvering the regulatory policies. The registration of large number of companies across the different states by the group has also been seen as mechanisms to beat the regulatory mechanisms. In the light of the meteoric growth of the company, and the issues of land acquisition, the DLF case throws several issues regarding the strategies of Indian multinationals.

Questions for Discussion

1. How has the business group/firm performed in the domestic market?
2. How has the group acquired resources and capabilities in the home country?
3. How have the group exploited the various factor endowments of business operations in the home country to grow?
4. How has the characteristic of the domestic market supported the growth of the firm?

5. How have the various industry policies and incentive structure (LPG policies) of the Govt. of India been formulated that advance the growth objectives of the group?
6. How did the firm generate capital from the masses/retail investors in India?
7. How did the group acquire state run public enterprises from the Government of India?
8. What is the total extent of fixed assets (land) held by the company?
9. How did it acquire land from different sources in India including that from the State and Central Government?
10. How has the group developed its large subsidiary and associate network and how does it leverage on this network?

References:

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