

Reliance group | international business environment



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The Reliance Group, founded by Late Dhirubhai H. Ambani, and is one of the largest private sector companies in India, with businesses in the energy and materials value chain. Reliance Group's annual revenues are in excess of US \$ 58 billion. Reliance Industries Limited has become a Fortune Global 500 Company.

Reliance Group is a highly diversified group and is in to multiproduct business like oil and gas exploration, retail of petro and consumer products and manufacturing of petrochemicals / refining and textile products. Here I have summarised how Globalisation has affected the survival and sustainable development of Reliance Industries Ltd.

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GLOBALISATION

If I was to summarise in one word as to what is Globalisation & Liberalisation is leading to I will say ' Competition'.

Globalisation has a significant impact on entrepreneurial enterprises in many ways. Globalisation provides a great opportunity for entrepreneurial ventures to expand their business internationally. With the help of local governments, large corporations, and international organisations, entrepreneurial enterprises are able to confront the challenges posed by globalisation and economic liberalisation, to improve their competitiveness in the global

market, and better serve the global consumers. A number of hypotheses are examined to understand how globalisation has affected the survival and sustainable development of entrepreneurial enterprises.

Globalisation has forced Reliance in the following ways

It has aligned with the global trends

Development policies and compensation systems were put in place.

Built leaders within organisation, within this talent pool.

International Business Environment affects the development of RIL

Exploration and production of oil and gas is critical for India's energy security and economic growth. India imports almost two-thirds of its crude oil requirement. Reliance's oil and gas exploration and production business is therefore inevitably linked with the national imperative. Exploration and production, the initial link in the energy and materials value chain, remains a major growth area and Reliance envisions evolving as a global energy major.

With growing competition and ever growing demand for energy, especially from developing countries, the focus is on energy security. Over the years the E&P industry has registered significant growth, primarily due to spiralling crude oil and gas prices.

RIL began gas production within six and a half years of gas discovery, in comparison to the world average of 9-10 years for similar deep water production facilities. Continuous gas production for about a year, with 100%

uptime, once again demonstrates the Company's flawless commissioning and execution capabilities.

In April 2010, RIL entered into a joint venture with the USA based Atlas Energy, Inc. (Atlas) under which RIL acquired 40% interest in Atlas' core Marcellus Shale acreage position. RIL has become a partner in approximately 300, 000 net acres of undeveloped leasehold in the core area of the Marcellus Shale region in south western Pennsylvania for an acquisition cost of \$ 339 million and an additional \$ 1. 36 billion capital costs under a carry arrangement for 75% of Atlas's capital costs over an anticipated seven and a half year development programme.

Low operating costs and proximity to USA northeast gas markets combine to make the Marcellus Shale region one of the most economically attractive, unconventional natural gas resources play in North America. The acreage will support the drilling of over 3, 000 wells with a resource potential of approximately 13. 3 Trillion Cubic Feet equivalent (TCFe). While Atlas will serve as the development operator for the joint venture, RIL is expected to become a development operator in certain regions in the coming years in the JV.

Atlas will continue acquiring leasehold in the Marcellus Shale region and RIL will have the option to acquire 40% share in all new acreages. RIL also obtained the right of first offer with respect to potential future sales by Atlas of around 280, 000 additional Appalachian acres currently controlled by Atlas (not included in the present joint venture). The RIL-Atlas joint venture has

the potential to become one of the largest prime acreage holders in the Marcellus Shale region.

This joint venture will materially increase RIL's resource base and provide an entirely new platform from which to grow its exploration and production business while simultaneously enhancing its ability to operate unconventional projects in the future.

Additionally, RIL has farmed out 20% PI in the blocks Borojo North and Borojo South in Colombia; and 30% PI in block 18 and 25% PI in block 41 in Oman.

The Regional Government of Kurdistan has assigned third party participating interest of 20% each in blocks Rovi and Sarta to M/s OVM; the assigned agreement is yet to be signed by RIL. RIL now has 13 blocks in its international E&P portfolio including 2 in Peru, 3 in Yemen (1 producing and 2 exploratory), 2 each in Oman, Kurdistan and Colombia, 1 each in East Timor and Australia; amounting to a total acreage of over 93, 500 sq. kms.

Sustainability Strategy adopted/used by RIL in Global Markets

Reliance has made sustainable development a cornerstone of its business strategy to achieve sustainable and profitable growth. RIL adopted principle of materiality and prioritized key issues after collective deliberation by management and key stakeholders. These issues include; Energy Security, Health & Safety, Corporate Governance and Transparency, Product Responsibility, Climate Change and Waste Management.

RIL sustainable development strategy draws on proven technology and risk management framework and evolves from the materiality analysis that has

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been performing over the years. The focus areas under sustainability development strategy include the following:

Energy Security

As a company RIL involved in the energy and materials value chain, so it is committed to responsible use of energy. Its systems and processes ensure optimum energy usage by continuous monitoring of all forms of energy and increasing the efficiency of operations.

Growth through Innovation

RIL firmly believe that growth through innovation will give a big competitive advantage and will be a key differentiator. Company's goal is to make RIL one of the most innovative companies in the world and to achieve breakthrough growth in revenues and profits by creating and implementing sustainable solutions. RIL is developing an innovative ecosystem that builds on organisational systems and processes, talent management, open innovation and world class R&D facilities.

Health and Safety

Safety overrides all production targets - this vision drives RIL to continuously look for ways to achieve zero accident at workplace. RIL's vision is to develop a dedicated pool of safety professionals and lead in safety performance across its operations by focusing on process safety and behavioural safety..

Environment

Protecting the environment and preserving natural resources is a high priority area. Through annual environment plan and business targets, RIL identify projects and take action to reduce water consumption and become carbon neutral and achieve maximum possible recycling and reuse of wastes. RIL set targets for key environment-related performance indicators such as material intensity, GHG emissions, air quality, water consumption, effluent discharge, waste generation and disposal, and conservation of biodiversity.

Product Responsibility

For RIL, product responsibility is to offer efficient and reliable product and services with minimum environmental impact throughout the life cycle of the product from the cradle to the grave. Its product and services are designed, manufactured and delivered with principle consideration of customer safety.

Social Institution Building

Social welfare and community development is at the core of RIL's Corporate Social Responsibility (CSR) philosophy. RIL's strategy is to have close and continuous interaction with the people and communities around our manufacturing divisions to bring qualitative changes and support the underprivileged.