

# A Compiled Strategic Scenarios of Reliance Power Limited, India

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### ABSTRACT

Reliance Power Limited belongs to Reliance Anil Dhirubhai Ambani Group [ADAG]. It was established to develop, build and operate the energy projects in Indian and Overseas Markets. The Reliance Infrastructure Limited, an Indian private utility company of ADAG, promotes Reliance Power. The company is the sole provider of electricity to consumers in the suburbs of Mumbai. It also manages power generation, and distribution, electricity transmission in states of Goa, Maharashtra, and Andhra Pradesh. With its subsidiaries, Company is developing medium and large capacity projects with a combined installed capacity. The company was founded in January 1995 as Bawana Power Private Limited and changed the name to Reliance Delhi Power Private Limited in February 1995. It was renamed Reliance Energy Generation Limited in March 2004 and finally to Reliance Power Limited in July 2007. Therefore, in this study an attempt is made to understand the strategic functionalities of Reliance Power as a whole from an academic learner's point of view. With Reliance being one of the most prestigious and esteemed business houses in India, it was chosen for this study. We have applied M.O.S.T Analysis technique from an academic perspective here to understand the company's strategic directions, operations and achievements better [1].

**Keywords:** M.O.S.T. Analysis, Business Case Analysis, Case Study, Reliance Power Limited.

### 1. A MICRO-VIEW OF POWER AND ENERGY INDUSTRY :

The electricity industry covers all the company involved in generation, transmission, distribution and sale of electric power to the public and industry. Commercial distribution of electric power began in 1882, when electricity was produced for electric lighting. In 1880 and 1890, growing economic and safety concerns led to the regulation of the industry. By the middle of the 20th century, electricity was seen as a "natural monopoly," but it was considered effective only if a limited number of organizations participated in the market. However, in some regions, vertically integrated companies offered all stages from generation to retail, regulated rate of return and the cost of structure. Since the 1990s, many regions in the world have started up electricity generation and distribution to provide more competitive in electricity market either public, private or in partnership. While these markets can be badly manipulated with the consequent negative impact on prices and consumer reliability, the competitive production of electric power in general lead to efficiency improvements in services offered. As per British Petroleum's Statistical Review of World Energy, India is the world's third largest producer and third largest consumer of electricity. Some of the major players include NTPC (National Thermal Power Corporation), Adani Power, NPCIL (Nuclear Power Corporation of India Limited), TATA Power, Damodar Valley Corporation, Power Grid Corporation India Limited, NHPC (National Hydroelectric Power Corporation) [2].

### 2. ABOUT M.O.S.T ANALYSIS :

M.O.S.T. analysis is a highly-structured approach for providing targets to team members at every hierarchical level of an organization. Working from the top down, it ensures that employees retain

focus on the aims which matter most to profitability of organizations. As a system, MOST breaks down the communication barriers between different levels on the same team by asking at every stage “How does this help employees reach next level of targets?” In this way, every tactic employed has to be justified in terms of reaching strategies, which in turn must contribute to goals and aims, which must, finally, contribute to business mission. The analysis can be applied to many areas of a business, from its most obvious applications in sales, marketing and business growth to internal processes and human resources. Industry Analysis for commerce and business management students has always been essential towards their first scholarly step in research [3]. Several noted academicians have proposed that an effective case study can be developed based on company analysis [4]. Detailed parameters have been laid out in scholarly research on ideal steps for approaching company analysis [5-6]. As per David Olson (2016), VMOST was first proposed by Rakesh Sondhi in 1999 [1], VMOST Analysis is a technique for evaluating an enterprise’s overall strategy and supporting activities, and determining whether they are all in alignment. The goal of the VMOST structure is to enable a view of strategy (the S) translated into meaningful terms for the benefit of employees, customers, and all other stakeholders by expressing it in the form of visions (the V), missions (the M), objectives (the O) and tactics (the T). By expressing the overall strategy in this way, it can be ascertained for alignment with the current environment and internal consistency [7]. Therefore, from the data gathered from secondary sources like Reliance Power website and company related online material, VMOST Technique is used to analyse the strategy of Reliance Power, define and analyse strategies of the organization, organizational units, their projects and programs.

### **3. ANALYSIS AND INTERPRETATION OF RELIANCE POWER :**

#### **3.1. Vision and Mission of Reliance Power [8] :**

- To attain global best practices and become a leading power generating company.
- To achieve excellence in project execution, quality, reliability, safety and operational efficiency.
- To relentlessly pursue new opportunities, capitalizing on synergies in the power generation sector.
- To consistently enhance our competitiveness and deliver profitable growth.
- To practice highest standards of corporate governance and be a financially sound company.
- To be a responsible corporate citizen nurturing human values and concern for society.
- To improve the lives of local community in all our projects.
- To be a partner in nation building and contribute towards India’s economic growth.
- To promote a work culture that fosters learning, individual growth, team spirit and creativity to overcome challenges and attain goals.
- To encourage ideas, talent and value systems and become the employer of choice.
- To earn the trust and confidence of all stakeholders, exceeding their expectations.
- To uphold the guiding principles of trust, integrity and transparency in all aspects of interactions and dealings.

#### **3.2. Objectives of Reliance Power [9]:**

Reliance Power has been established to develop, construct and operate power projects both in India as well as internationally. The Company on its own and through its subsidiaries has a large portfolio of power generation capacity, both in operation as well as capacity under development. The Company is committed to their founder’s business objectives i.e. to aspire to be the highest global standards of quality, efficiency, operational performance and customer care. Company remains completely committed to upholding founder Shri Dhirubhai Ambani’s objectives.

#### **3.3. Strength and Strategies of Reliance Power [10] :**

- Largest Portfolio
- Largest Portfolio
- Diversified Fuel Sources and Technologies
- Strategically Located Power Projects
- Fuel Access Security
- Diversified Power Off-take Arrangements
- Reduction of Cost of Power Generation
- Ensuring Fuel Supply
- Focusing on Power Deficit Regions

- Establishing an Optimal Mix of Off-take Arrangements

The Company's project is widespread in West India (12,220 MW), Northern India (9,080 MW), India's Northeast (4,220 MW) and South India (4000 MW). It includes six coal-fired projects (14,620 MW), fueled by reserves of captive mines and supplies from India and abroad, and two gas-fired projects (10,280 MW), primarily fueled by the reserve of the Krishna Godavari Basin (KG Basin) off the east coast of India, Hydroelectric projects (3,300 megawatts), three in Arunachal Pradesh and one in Uttarakhand.

### 3.4. Strategic Tactics of Reliance Power

- In January 1995, The organization was originally established as Bawana Power Private Limited.
- In March 2004 the company was converted into a public company.
- In April 2005, the Company enter into a memorandum of understanding with the Government of Maharashtra for the disposition of a 1,200 MW thermal power plant and a 2,800 MW gas-fired power station at a convenient location. The factory is now established in Shahapur in the Raigad area of Maharashtra.
- May 2005 Award for the Sobla Hydropower Project awarded to REL.
- September 2005 Award letter for the Siyom project granted to REL.
- September 2005 Award letter for the Tato II project granted to the company.
- In April 2006 It has entered into a memorandum of understanding for the construction of a 300-megawatt power plant at Putipuri in Nagpur, Maharashtra.
- In November 2006, The organization acquired RPSCSCL from Aditya Birla Power Supply Company Limited, which produces a 1,200 MW power plant in Rosa, Shahjahanpur, Uttar Pradesh.
- In August 2007 The Company obtain SPL from Power Finance Corporation Limited,
- Construction of a 3960 MW power plant in Sasan, Madhya Pradesh.
- In 2008-Reliance Power also offered IPO. The company aimed to raise good capital through the offering.
- Export-Import Bank of the US's preliminary approval was obtained to finance Reliance Power's 4,000-MW project in Sasan, Madhya Pradesh.
- ADAG company Reliance Power on May 28 acquired 433 MW of power generation assets from the Group company Reliance Infrastructure, for 1,095 crores in order to bring the entire power generation portfolio under one stage.
- Anil Dhirubhai Ambani Group, Reliance Power also targeted to put track on the 4,000-MW Chitrangi power project in Madhya Pradesh by October 2010.
- Reliance Power was awarded of 30,000 MW BTG contract for coal-based power plants
- Reliance Power was awarded of Letter of Intent (LOI) by NTPC Vidhyut Vyapar Nigam Limited
- Reliance Power, Anil Ambani Group company, also awarded 10,000 crore equipment order to GE Energy India. 2011- The Madhya Pradesh Government asked Reliance Power to signed PPA (Public Private Agreement).
- Reliance Power - Reliance Powered 3,960 MW Krishnapatnam Ultra Mega Power Project
- Reliance Power - Reliance Powered 4,000 MW Sasan Power Project in Madhya Pradesh, gets approval for carbon bank.
- Anil Ambani's Reliance Power Ltd, announced its first ever starting revenue from power generating assets for the year 2010-11 which has pushed up company's profit by 11 percent to Rs. 760.4 crore.
- Reliance Power project achieved a 105% generation capacity.
- In order to fulfill the power requirement for the upcoming 100 mw solar power project of Reliance Power in Jaisalmer Rajasthan, the company was also believed to sign the power purchase agreement with the state-owned NTPC.
- A power purchase agreement has been signed by Reliance Power with NTPC Vidyut Vyapar Nigam for a 100-Mw solar thermal power project in the Bikaner region in Rajasthan.
- 2012- Europe's largest oil company, Royal Dutch Shell has joined hands with India's Reliance Power (RPower) to jointly develop a liquefied natural gas (LNG) import terminal off the coast of Kakinada in Andhra Pradesh by 2014.
- Reliance Power signed MoU with Ming Yang Holdings Singapore, a subsidiary of China Ming Yang Wind Power Group Limited to boost power operations in India, overseas.

- Reliance Power - Reliance Power entered into a Strategic Partnership with China Datang Corporation.
- Reliance Power Ltd said that rating agency ICRA Ltd has provided the company with a revised rating to (ICRA) A1 for its Rs 1000 crore commercial paper program.
- In 2013, Reliance Power started Power Generation from the 2nd unit of its 600MW Butibori Thermal Power Plant in Maharashtra.
- In 2014, Reliance Power signs exclusive Memorandum of Understanding to acquire 100% ofentire Hydro Power Portfolio of Jaiprakash Power Ventures". -Reliance has informed board that "Boiler Lightup achieved for Third 660 MW unit of 3,960 MW Sasan Ultra Mega Power Plant". In 2015 -Reliance Power Ltd - The company's has 3,960 MW Sasan thermal power plant been fully commissioned -Reliance Power Signs MOU with Government of Bangladesh to Develop 3,000 MW of Power Capacity.
- In 2016, Govt of Bangladesh Approved First Phase of Reliance Power's Project - Sasan UMPP (Ultra Mega Power Project) achieved a 100% Plant Load Factor in April.
- Coal Ministry Granted Permission to Sasan UMPP to produce Additional Coal - CERC Ministry also Approved Change in Law Petition of Sasan UMPP - 2017 - MoU with Petro Bangla – APTEL (Appellate Tribunal for Electricity) allows fuel cost pass-through for Butibori Plant - LNG Based Combined Cycle Power plant and LNG Terminal Project in Bangladesh [11].

#### 4. FINDINGS :

To determine strategic direction of the company from above analysis and interpretation of information, company's power and energy projects are appearing to be diverse in terms of geographic location, their fuel type, fuel sources and each project is planned to be strategically located near an available fuel supply or load center. Company website reveals that the organization has close to 6000 MW of operational power generation assets. The projects under development include 3 coal-fired projects to be fueled by reserves from captive mines and supplies from India and elsewhere. Company also has one gas-fired projects; and twelve hydroelectric projects, six of them in Arunachal Pradesh, five in Himachal Pradesh and one in Uttarakhand States of India. The future of company looks promising as it operates through two parts (1) power generation and (2) associated business activities. The related business activities segment includes project management, supervision and support services for generation and related operations. The projects under development include coal, gas, hydropower and solar energy projects. It develops, builds and operates energy projects in India as well as worldwide.

#### 5. CONCLUSION :

To conclude the compilation of above strategic scenarios of Reliance Power, the company strives to create a value chain for its stakeholders and it is also focusing building its brand value in strategic partnerships. This analysis is undertaken purely from academic understanding viewpoint. Through this case study, learner has derived a idea about strategic initiatives of a business in creating and maintaining collaborations, valuing partnerships, alliances and overall holistic development with their stakeholders and create build strong shareholder value base.

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