August 18, 2016

Reliance Industries Limited

BSE Limited National Stock Exchange of India Limited
Phiroze Jeejeebhoy Towers Exchange Plaza
Dalal Street Plot No. C/1, G Block
Mumbai 400 001 Bandra-Kurla Complex

Scrip Code: 500325 Trading Symbol: "RELIANCE EQ"

Dear Sirs,

Sub: Clarification on news item titled “Oil ministry slaps $250-m profit petroleum penalty on RIL” published in Financial Express

This has reference to your respective e-mails dated August 16, 2016 regarding a news item titled “Oil ministry slaps $250-m profit petroleum penalty on RIL” published in the Financial Express on August 16, 2016.

The issue referred in the Financial Express article is an ongoing dispute on disallowance of cost recovery by the Ministry of Petroleum and Natural Gas (MoPNG). The dispute started in 2011 and is currently under arbitration in accordance with provisions of the Production Sharing Contract (PSC). The parties to arbitration are Contractor Group (RIL, BP and NIKO) and Government of India (through MoPNG).

Every year, based on its own interpretations of the PSC and assumptions (with which the Contractor Group does not agree), MoPNG revises the total cost it proposes to disallow and consequently aggregates the figure with the figures of the previous years. It also demands additional profit petroleum (in total including previous year claims as well) as GOI share.

1. Upto financial year 2013-14, the cost recovery proposed to be disallowed was $2.376 billion and consequent demand of Government of India (GoI) share of additional profit petroleum of $195.3 million on cumulative basis.

2. On 3rd June 2016, the Company received a revised claim upto year 2014-15 with a disallowance of $2.756 billion on cumulative basis and consequent demand of GoI share of additional profit petroleum of $246.9 million, also on cumulative basis.
The number mentioned in the headline of the news item is a cumulative figure since commencement of the dispute.

We also clarify that GoI has already collected gross $81.7 million in Gas Pool Account, towards the aforesaid claim.

We reiterate that all claims made by GoI are denied by the Contractor Group and currently part of an ongoing arbitration.

Thanking you,

Yours faithfully,
For Reliance Industries Limited

Sandeep Deshmukh
Vice President
Corporate Secretarial

C.C: The Luxembourg Stock Exchange,
Societe de la Bourse de Luxembourg,
35A boulevard Joseph II,
B P 165, L-2011 Luxembourg