

August 18, 2016

BSE Limited  
Phiroze Jeejeebhoy Towers  
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Mumbai 400 001

National Stock Exchange of India Limited  
Exchange Plaza  
Plot No. C/1, G Block  
Bandra-Kurla Complex  
Bandra (East)  
Mumbai 400 051

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 3<sup>rd</sup> 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 Gol has already collected gross \$81.7 million in Gas Pool Account, towards the aforesaid claim.

We reiterate that all claims made by Gol 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

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