Reliance
Industries Limited

May 10, 2014

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
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
Fax No.2272 2037 / 2272 3719

Trading Symbol: "RELIANCE EQ"
Fax No. 2659 8348 / 2659 8237 /38

Dear Sirs,

Sub: Media Release

We enclose a copy of Media Release issued by the Company titled **"RIL, BP and NIKO issue a Notice of Arbitration to the Government of India** *Seek implementation of the "Domestic Natural Gas Pricing Guideline 2014" notified on January 10, 2014."* for your perusal and information.

Thanking you,

Yours faithfully,
For **Reliance Industries Limited**

S. Sudhakar
Vice President
Corporate Secretarial

Encl.: As above

Copy to:
The Luxembourg Stock Exchange
Societe de la Bourse de Luxembourg
SA11, Avenue de la Porte-Neuve
B P 165, L – 2011
Luxembourg

MEDIA RELEASE

May 10, 2014

RIL, BP and NIKO issue a Notice of Arbitration to the Government of India

Seek implementation of the "Domestic Natural Gas Pricing Guideline 2014" notified on January 10, 2014.

RIL, BP and NIKO have issued a Notice of Arbitration on May 9, 2014 to the Government of India seeking the implementation of the "Domestic Natural Gas Pricing Guideline 2014" notified on January 10, 2014.

The continuing delay on part of the Government of India in notifying the price in accordance with the approved formula for the Gas to be sold has left the Parties with no other option but to pursue this course of action. Without this clarity, the Parties are unable to sanction planned investments of close to $4 billion this year. In addition, this will also delay the ability of the Parties to appraise and develop other significant discoveries made last year. Overall, the Parties were planning to invest $ 8-10 billion in the next few years to significantly increase production from the KGD6 block. This domestic production is essential for meeting India's energy needs and will also help conserve foreign exchange which is required for imports of natural gas into India at the present time. All of this requires clarity on pricing.

The three Parties shall endeavour to work with the Government to achieve a prompt and efficient resolution of this dispute.

Further information:

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- BP press office, London: +44 (0)20 7496 4076, bppress@bp.com
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Notes to the editors

This background note explains the circumstances that forced RIL, BP and NIKO, the contractor group of the KG D6 block to file a notice of arbitration on the Government of India on May 9, 2014. As you will observe from the facts stated here, we were left with no other option.

Gas pricing has been debated for over two years with a Cabinet decision which approved a Rangarajan Committee price formula in 2013. This price formula was not an arms-length price as per the Production Sharing Contracts (PSC), yet it showed intent to move towards and transition to arms-length pricing. However, implementation of the Cabinet decision has been deferred leading to no clarity on gas price from April 1 2014 for the contractor group to plan their future investments.

It has been well documented that we have been working diligently to arrest the decline from currently producing fields. In addition, we have c. 5 trillion cubic feet of discovered gas resources in this block that await investment and development to be able to bring them to market. As we have stated before, these resources need clarity on long term gas prices to be developed economically.

Exploration and development activity is based on a pricing structure that enables investments. The PSCs promise an 'arm's-length, market determined' price for domestic gas. Having made a major discovery in 2013, we were getting ready to start investing in the development of discovered resources. We were upbeat over the opportunity to invest over $8-10 billion in development of discovered resources over the next 3-4 years. These investments could have significantly increased our production by 2019. This would also help the country avoid LNG imports of more than $75 billion.

With this in focus, we had requested the Government in early 2012 to provide clarity on prices after 1Q 2014 (when the current price formula approved by the Government and the contracts to sell gas expired) to be able to progress development of discovered resources and increase exploration activities to find more gas in India.

The Rangarajan Committee, appointed by the then Minister of Petroleum & Natural Gas, Jaipal Reddy, proposed a formula (RRC) for pricing of gas based on market prices of gas across the world for a period of 5 years before transitioning to gas-on-gas competition. This was to facilitate a transition to arms-length market prices.

The Cabinet Committee on Economic Affairs (CCEA) in June 2013 endorsed the RRC as pricing for all domestic gas produced in India from 1 April 2014. MoPNG published guidelines for implementation of RRC as the new gas price formula in January 2014. We are the only NELP block that is selling gas today and our contracts to sell gas at $4.2/mmbtu expired on 31 March 2014. Following expiry of the contracts, the new gas price was supposed to be calculated using the CCEA-approved RRC formula.

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bp

MoPNG was mandated to compute and notify the new gas price for the quarter April to June 2014 by early March 2014. The Election Commission on 24th March, advised deferment of announcement of the new gas price for the quarter starting April 1st till the Model Code of Conduct is lifted, due to elections as well as the matter being sub-judice in the Supreme Court The Supreme Court, however, did not defer/delay notification of gas prices.

Hence, there is no gas price from April 1 2014 for our current production.

This resulted in an arbitrary decision by MoPNG to force us to keep selling gas at $4.2/mmbtu after 1 April 2014. This is in contravention of the PSC and detrimental to the economic interests of the contractor group and the government. Under protest but in good faith we have kept supplying gas at $4.2/mmbtu to the customers.

We requested the government to announce the gas prices as soon as the Model Code of Conduct was over, with effect from 1 April 2014 as per the Cabinet decision and given that fact that our contracts had expired in March 2014. MoPNG indicated gas prices would only be announced for the 2nd quarter 2014, completely ignoring the Cabinet decision to change prices from 1 April 2014.

This contradictory move has resulted in a loss to the contractor group and the government of Rs 300 Crores per month.

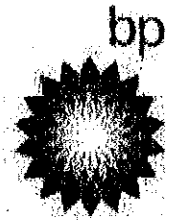
Most capriciously, there is no clarity on what the gas price would be in the future, failing which all our current and future investment plans are in jeopardy. The contractor group which was getting ready to sanction the first major project with an investment of $4 billion in June/July 2014 is now forced to halt activities. This major investment decision would have resulted in first gas from the project coming to Indian markets in 2017. One quarter's delay this year will delay this project by 1 year due to the construction weather window in the Bay of Bengal being lost. This will result in an increasing dependence on expensive LNG imports. A complete lack of clarity on gas prices going ahead has hence thrown all our plans in disarray.

All such arbitrary, contradictory and contravening moves to deny contractually promised prices will deter future investments in the Indian E&P sector. The three Parties have, as a result filed an international arbitration claim to secure a market price for gas as per the PSC.

We hope for an early resolution of this dispute. We continue to be committed to delivering gas from the existing fields. Our partnership will always act in the best interests of the people of India.







Reliance Industries Limited (RIL): Reliance Industries Limited (RIL) is India's largest private sector company on all major financial parameters with a turnover of INR 4,01,302 crore (US$ 67.0 billion), cash profit of INR 30,795 crore (US$ 5.1 billion) and net profit of INR 21,984 crore (US$ 3.7 billion) as of March 31, 2014.

RIL is the first private sector company from India to feature in Fortune's Global 500 list of 'World's Largest Corporations' and currently ranks 107th in terms of revenues and 128th in terms of profits in 2013. RIL ranks 68th in the Financial Times' FT Global 500 list of the world's largest companies. RIL is ranked amongst the '50 Most Innovative Companies - 2010' in the World in a survey conducted by the US financial publication - Business Week in collaboration with the Boston Consulting Group (BCG). In 2010, BCG also ranked RIL as the second highest 'Sustainable Value Creators' for creating the most shareholder value over the decade in the world.

BP: With its many investments in India and employing over 8,500 people in the oil, gas, lubricants and petrochemicals businesses, BP has the largest presence among all international oil companies present in India. In addition to its gas alliance with Reliance Industries Ltd., BP's activities include: Castrol lubricants; the licensing of competitive petrochemical technologies; IT and procurement back office activities; staffing and training for its global marine fleet; and the recruitment of skilled Indian employees for its global businesses.