

July 16, 2014

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

Dear Madam,

Sub: News Clarification

This has reference to your e-mail of date regarding a news item appeared in The Business Standard on July 15, 2014 captioned "Govt imposes \$579 mn fresh penalty on RIL".

At the outset, we would like to state that Media reports have been apparently misquoting the cost recovery disallowance as levy of fine/penalty on RIL, while the two are entirely different.

We clarify that the Government of India ("GOI") had in 2012 wrongfully sought to disallow cost recovery of investments made by the Contractor in the block KG-DWN-98/3 ("Block") for the period FY 2010-11 and 2011-12. The potential impact to Contractor (RIL 60%; BP 30%; NIKO 10%) is the additional payment of profit petroleum to the GOI, when and if the disallowed cost is added to the profit petroleum. The GOI's share of profit petroleum is currently pegged at 10% based on a formula prescribed in the Production Sharing Contract ("PSC").

Reliance Industries Limited and its partners believe that, the purported rationale of GOI in proportionately disallowing the cost in the ratio of actual production to the estimated production from D1-D3 fields in KG D6 block, is not as per the PSC.

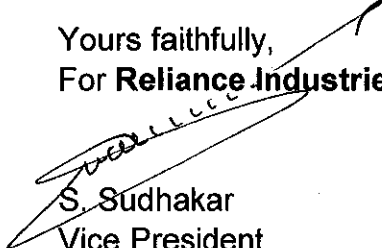


Reliance Industries Limited along with its partners BP and Niko had commenced arbitration process under the terms of the PSC over the aforesaid wrongful disallowance of cost recovery by the Government in November 2011.

The news item of disallowance of USD 579 mm relates to the period 2013-14.

Thanking you,

Yours faithfully,
For **Reliance Industries Limited**


S. Sudhakar
Vice President
Corporate Secretarial