HC-KAR

NC: 2026:KHC:65113-DB
WP No. 35435 of 2026

CNR: KAHC010779242026

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 23RD DAY OF NOVEMBER, 2026

PRESENT

THE HON'BLE MR. VIBHU BAKHRU, CHIEF JUSTICE

AND

THE HON'BLE MRS. JUSTICE K.S. HEMALEKHA

WRIT PETITION NO. 35435 OF 2026 (GM-MM-S)

BETWEEN:

1. JSW STEEL LIMITED
HAVING ITS REGISTERED OFFICE AT
JSW CENTRE
BANDRA KURLA COMPLEX
BANDRA (EAST)
MUMBAI – 400 051, MAHARASHTRA
AND HAVING ITS BRANCH OFFICE AT:
'THE ESTATE', 3RD FLOOR
WEST WING 121
DICKENSON ROAD
BENGALURU - 560 042

REGISTERED UNDER
COMPANIES ACT, 1956

REPRESENTED HEREIN BY ITS
GM - LEGAL AND
AUTHORIZED SIGNATORY
MR. ASHISHKUMAR NAIR

…PETITIONER

(BY SRI K.G. RAGHAVAN, SENIOR ADVOCATE A/W
SRI ADITYA NARAYAN, ADVOCATE)

Digitally signed by AMBIKA H B
Location: High Court of Karnataka

AND:

1. MINISTRY OF MINES
   UNION OF INDIA
   SHASTRI BHAWAN
   DR. RAJENDRA PRASAD ROAD
   NEW DELHI - 110 001
   REPRESENTED BY ITS SECRETARY

2. INDIAN BUREAU OF MINES
   INDIRA BHAVAN, CIVIL LINES
   NAGPUR - 440 001
   MAHARASHTRA
   REPRESENTED BY ITS
   CONTROLLER GENERAL

3. THE CHIEF CONTROLLER OF MINES
   (MINERAL ECONOMICS AND STATISTICS)
   INDIAN BUREAU OF MINES
   2ND FLOOR, BLOCK 'D'
   INDIRA BHAVAN CIVIL LINES
   NAGPUR - 440 001
   MAHARASHTRA

4. THE REGIONAL CONTROLLER OF MINES
   OFFICE OF THE REGIONAL
   CONTROLLER OF MINES
   INDIAN BUREAU OF MINES
   29, INDUSTRIAL SUBURB
   II STAGE, TUMKUR ROAD
   GORUGUNTEPALYA
   YESHWANTHPUR
   BENGALURU - 560 022

5. THE ASSISTANT CONTROLLER OF MINES
   OFFICE OF THE REGIONAL
   CONTROLLER OF MINES
   INDIAN BUREAU OF MINES
   29, INDUSTRIAL SUBURB
   II STAGE, TUMKUR ROAD

GORUGUNTEPALYA
YESHWANTHPUR
BENGALURU - 560 022

6. STATE OF KARNATAKA
DEPARTMENT OF MINES
AND GEOLOGY
KHANIJA BHAVAN
RACE COURSE ROAD
BENGALURU - 560 001
REPRESENTED BY ITS DIRECTOR

…RESPONDENTS

(SRI. K. ARVIND KAMATH, ASGI A/W
SRI VINAY V., CGSC FOR R1 – R5 &
SMT. NILOUFER AKBAR, AGA FOR R-6)

THIS WRIT PETITION IS FILED UNDER ARTICLES 226 AND 227 OF THE CONSTITUTION OF INDIA PRAYING TO ISSUE APPROPRIATE WRITS, ORDERS OR DIRECTIONS - DECLARING THAT, ON A PROPER CONSTRUCTION OF RULE 45(8)(B) OF THE MINERAL CONSERVATION AND DEVELOPMENT RULES, 2017, THE EX-MINE PRICE OF IRON ORE PRODUCED FROM THE NARAYANA IRON AND MANGANESE ORE MINE (ML NO. 0012) AND BHOMMAN IRON ORE MINE (ML NO. 0014) AND CONSUMED BY THE PETITIONER IN ITS OWN INTEGRATED STEEL PLANT IS TO BE DETERMINED AT THE PER UNIT COST OF PRODUCTION UNDER SUB-CLAUSE (V) THEREOF, IRRESPECTIVE OF THE CATEGORY IN WHICH THE SAID MINE IS REGISTERED WITH RESPONDENT NO.2 & ETC.

THIS PETITION, COMING ON FOR PRELIMINARY HEARING, THIS DAY, ORDER WAS MADE THEREIN AS UNDER:

CORAM: HON'BLE MR. VIBHU BAKHRU, CHIEF JUSTICE
and
HON'BLE MRS. JUSTICE K.S. HEMALEKHA

ORAL ORDER

(PER: HON'BLE MR. VIBHU BAKHRU, CHIEF JUSTICE)

1. The petitioner has filed the present petition, *inter alia,* praying as under:

> "A. declaring that, on a proper construction of Rule 45(8)(b) of the Mineral Conservation and Development Rules, 2017, the ex-mine price of iron ore produced from the Narayana Iron and Manganese Ore Mine (ML No. 0012) and Bhomman Iron Ore Mine (ML No. 0014) and consumed by the Petitioner in its own integrated steel plant is to be determined at the per unit cost of production under sub-clause (V) thereof, irrespective of the category in which the said mine is registered with Respondent No.2;
>
> B. quashing the endorsements issued by Respondent No. 5 in relation to the monthly returns filed by the Petitioner for the months of July 2026, August 2026 and September 2026 in respect of the iron ore mining lease bearing M.L. No. 0012 (Annexure A, Annexure B and Annexure C) wherein the Respondent No. 5 has arbitrarily refused to accept the Petitioner's monthly returns for the said months;
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> C. quashing the endorsements issued by Respondent No. 5 in relation to the monthly returns filed by the Petitioner for the months of July 2026, August 2026 and September 2026 in respect of the iron ore mining leases bearing M.L. No. 0014 (Annexure D, Annexure E and Annexure F) wherein the Respondent No. 5 has arbitrarily refused to accept the Petitioner's monthly returns for the said months;

D. quashing the Show Cause Notice dated 16.09.2026 bearing No. MCD-MIFLOFE/6/2022-BNG-IBM_RO_BN, in respect of M.L. No. 0012 (Annexure G) and Show Cause Notice dated 16.09.2026 bearing No. MCD-MIFLOFE/24/2023-BNG-IBM_RO_BN, in respect of M.L. No. 0014 (Annexure H) issued by Respondent No. 5;

E. quashing the complaints dated 28.10.2026 filed in respect of the returns for July 2026 and August 2026 in respect of the Petitioner's mines bearing M.L. No. 0012 (Annexure J) and ML No. 0014 (Annexure K);

F. quashing communication dated 20.08.2026 issued by the Mining and Mineral Statistics Division of Respondent No.2, (Annexure L);

G. declaring that the Petitioner is entitled in law to value the ex-mine price of the iron ore produced by it in its aforesaid mining leases bearing ML No. 0012 and ML No. 0014 and consumed captively under Rule 45(8)(b)(V);

H. prohibiting the Respondents from initiating any action against the Petitioner on the basis that the Petitioner has valued the ex-mines price of the iron ore produced by it in its aforesaid mining leases bearing ML No. 0012 and ML No. 14 and consumed captively under Rule 45(8)(b)(V);

I. directing Respondent Nos.2 to 4 to accept the monthly and annual returns of the Narayana Iron and Manganese Ore Mine with the ex-mine price of the ore consumed captively by the Petitioner determined under Rule 45(8)(b)(V), and to exclude such quantities from the computation of the Average Sale Price;

J. granting the Petitioner the costs of this Petition; and

K. passing such other and further Orders as this Hon'ble Court may deem fit in the interests of justice and equity."

2. The petitioner was granted mining leases for extraction of iron ore pursuant to an auction conducted by the State Government. The State had also executed mining leases (ML No.0012 – Narayana Mine, and M.L No.0014 – Bhomman Mine). On 03.07.2020, the petitioner had entered into Mine Development and Production Agreements in respect of the aforementioned two mines and thereafter, on 30.07.2020, the State Government executed the lease deeds in respect of the said mines as stated above.

3. The petitioner filed its monthly returns under Rule 45 of the Mineral Conservation and Development Rules, 2017 [**MCD** Rules] for the period from April 2026 to June 2026 reporting the consumption of ore on the basis of the cost of production under Rule 45(8)(b)(V) of the MCD Rules. The respondent authorities issued endorsements directing that the returns be filed under Rule 45(8)(b)(IV) of the MCD Rules based on the average sale price declared by Indian Bureau of Mines [**IBM**].

4. The relevant extract of Sub-Rule (8) of Rule 45 of the MCD Rules is set out below:

"(8) In case of mining of minerals by the holder of a mining lease, the-

(a) sale value is the gross amount payable by the purchaser as indicated in the sale invoice, where the sale transaction is on an arms' length basis and the price is the sole consideration for the sale, excluding taxes, if any.

Explanation: For the purpose of computing sale value, no deduction from the gross amount shall be made in respect of royalty, payments to the District Mineral Foundation and payments to the National Mineral Exploration Trust;

(b) ex-mine price of mineral grade or concentrate shall be,-

(I) where export has occurred, the total of, sale value on free-on-board (F.O.B) basis, less the actual expenditure incurred beyond the mining lease area towards-

(i) transportation charges by road;

(ii) loading and unloading charges;

(iii) railway freight (if applicable);

(iv) port handling charges or export duty;

(v) charges for sampling and analysis;

(vi) rent for the plot at the stocking yard;

(vii) handling charges in port;

(viii) charges for stevedoring and trimming;

(ix) any other incidental charges incurred outside the mining lease area as notified by the Indian Bureau of Mines from time-to-time divided by the total quantity exported;

(II) where domestic sale of mineral has occurred, the total of sale value of the mineral, less the actual expenditure incurred towards loading, unloading, transportation, rent for the plot at the stocking yard,

charges for sampling and analysis and any other charges beyond mining lease area as notified by the Indian Bureau of Mines from time-to-time, divided by the total quantity sold;

(III) where sale has occurred, between related parties and is not on arms' length basis, then such sale shall not be recognised as a sale for the purposes of this rule and in such case, sub-clause (IV) shall be applicable;

(IV) where the sale has not occurred, the average sale price published monthly by the Indian Bureau of Mines for that mineral grade or concentrate for a particular State:

PROVIDED that if for a particular mineral grade or concentrate, the information for a State for a particular month is not published by the Indian Bureau of Mines, the last available information published for that mineral grade or concentrate for that particular State by the Indian Bureau of Mines in the last six months previous to the reporting month shall be referred, failing which the latest information for all India for the mineral grade or concentrate, shall be referred;

(V) the per unit cost of production in case of captive mines."

5. The petitioner did not accept the said endorsements as, according to the petitioner, it had consumed the ore extracted and therefore, was required to file the return on the basis of per unit cost of production for captive mines as stipulated under Rule 45(8)(b)(V) of the MCD Rules. Notwithstanding the endorsements issued by the respondents, the petitioner continued to file returns

under Rule 45(8)(b)(V) of the MCD Rules and declined to file the returns in conformity with the endorsements as issued. However, the petitioner also made a representation as according to the petitioner it had rightly filed the returns under Rule 45(8)(b)(V) of the MCD Rules. The respondent issued an endorsement with respect to the returns filed for July 2026. Thereafter, respondent No.2 rejected the representation on 20.08.2026. Notwithstanding the petitioner's representation had been rejected on 20.08.2026, the petitioner continued to file its returns under Rule 45(8)(b)(V) of the MCD Rules on the basis of the unit cost of production and not on the basis of the value as published by IBM. The respondent also issued an endorsement in respect of the return filed in September 2026 and the respondent issued show cause notices dated 16.09.2026 calling upon the petitioner to explain why action should not be taken for filing incorrect returns. In the aforesaid background, the petitioner made a representation dated 13.10.2026 to respondent No.1 (Central Government), which is a rulemaking authority, requesting it to issue a clarification.

6. The controversy essentially relates to whether the petitioner ought to have filed its returns under Rule 45(8)(b)(IV) or (V) of the MCD Rules. Whereas, the petitioner claims that, it is required to file the returns under clause (V) of Rule 45(8)(b) of the MCD Rules for the reason that it had consumed the ore as produced; the concerned authorities held that the mines were not auctioned as captive mines and therefore, the returns are required to be filed under clause (IV) of Rule 45(8)(b) of the MCD Rules as there is no sale of the ore that is produced.

7. In the backdrop of the said controversy, the petitioner's representation, *inter alia,* sought a clarification and, in the alternative, an amendment of the Rule. Paragraph 5 of the representation dated 13.10.2026 made by the petitioner to respondent No.1 is reproduced below:

> "In this backdrop, JSWSL is placing this representation for your kind consideration at the Ministry level. In brief, JSWSL respectfully seeks:
>
> i. a clarification that, where mineral is not sold but is consumed by the lessee in its own end-use plant, the ex-mine price is the per unit cost of production under Rule 45(8)(b)(V), whatever the mine's registration category;
>
> ii. in the alternative, an amendment of Rule 45(8)(b)(V) to that effect; and

iii. pending a decision, a direction that no coercive steps be taken on the Show Cause Notice dated 16.09.2026."

8. The petitioner also made a representation to other authorities. The petitioner failed to conform to the endorsements and file the returns, which, according to the concerned authorities, were required to be filed. IBM issued show cause notices dated 29.10.2026 stating that, as per the intimation dated 28.10.2026, contravention of Section 25A of the Mines and Minerals (Development and Regulation) Act, 1957 in respect of Narayana Iron Mine and Bhomman Iron Mine (ML-0012 and ML-0014 respectively) was reported. The petitioner was called upon to respond to the said show cause notices within 15 days of service of the notices.

9. The learned Senior Counsel appearing for the petitioner states that after the present petition was filed, the petitioner also responded to the show cause notices by letter dated 13.11.2026 seeking further time to file a reply, *inter alia,* on the ground of "complexity of the issue" and on the ground that the present petition is pending.

10. It is material to note that IBM had also issued show cause notices dated 16.09.2026 calling upon the petitioner to show cause within a period of 30 days why further action should not be initiated in accordance with the provisions of the Mines and Minerals Adjudication of Penalties Rules, 2026 in respect of the contraventions. The petitioner responded to the said show cause notices by letter dated 14.10.2026, on the ground that its representation, filed one day earlier, i.e., on 13.10.2026, is pending. The respondent had since filed a complaint to the adjudicating officer which was pending.

11. It is clear from the above that the issue which is sought to be raised by the petitioner is pending consideration before the concerned authorities. The controversy as to whether the petitioner is required to file its return under Rule 45(8)(b)(IV) or (V) of the MCD Rules is required to be determined by the concerned authorities in the first instance. The present petition essentially seeks to interdict an enquiry or adjudication by the concerned authorities.

12. There is no cavil that the notices issued are within the jurisdiction of the concerned authorities.

13. In view of the above, we find no ground to interfere with the proceedings at the threshold stage. The petition is dismissed with the costs quantified at ₹10,000/-. The cost be deposited with the Karnataka State Legal Services Authority, Bengaluru within a period of two weeks from date.

Sd/-
(VIBHU BAKHRU)
CHIEF JUSTICE

Sd/-
(K.S. HEMALEKHA)
JUDGE

AHB
List No.: 2 Sl No.: 4