

GHCL Limited

October 21, 2015

Mr. Hari K

Mr. S Subramanian

Vice President
National Stock Exchange of India Limited
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The Bombay Stock Exchange Ltd.
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P.J. Towers,
Dalal Street, Fort, Mumbai - 400 001
(Fax: 022 2723121/2037/2041/3714/2039/2061)

Dear Sirs,

Subject: Disclosure under Clause 36 of Listing Agreement read with its Guidance Note

This is in reference to the Clause 36 of the Listing Agreement read with guidance note issued by NSE and BSE we would like to inform the following.

GHCL has been excavating lime stones from its twelve mines for the last 25-27 years. These mines were allotted to the company on lease for its captive use. The lime stone is used as a raw material for manufacturing Soda Ash at our Soda Ash plant located in Veraval, Gujarat. Based on certain complaints to them, a team from Geology and Mining Department visited all captive mines during the period September 9 to 11, 2015.

Thereafter, Dy. Commissioner (Appeal), Geology and Mining Department, Gandhinagar has issued a show cause notice in respect of all the twelve mines, wherein they have relied upon the finding of the said team which has measured all mining pits and calculated the excavated tonnage and compared it with production /dispatch figures as mentioned in our statutory returns. The difference in two figures is considered for imposing penalty amount of Rs.352/per tonnes and alleged on us that difference quantity is being dispatched from our mines without using Royalty pass or the allotted royalty passes have been utilized for production of limestone from other places. The amount of penalty computed by the said department in show cause notice is Rs. 40.94 Cr in respect of all the twelve mines. Further, they have also alleged that the company has not properly fenced mines boundary and has not installed weigh bridge at mines for weighment of loaded limestone trucks.



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CIN : L24100GJ1983PLC006513. E-mail : ghclinfo@ghcl.co.in, Website : www.ghclindia.com

During the inspection itself, it has been noted and informed to the team from Geology and Mining department that the following aspects have not been considered by them while calculating the penalty:

- I. Original topography / contour of the area,
- II. Reclamation of the mine out of pits,
- III. Consideration of part area surrendered

The mines are in operation for last 25-27 years and total production is around one crore metric ton. The difference after considering the above said aspects could only be in the range of 2% to 3% of total production. In 25-27 years mines are subjected to various natural conditions like flood, land erosion and filling of mines after closure of specific pits. The excavated pits are reclaimed and at present they are used for farming. Accurate measurement of such reclaimed areas after 25-27 years is practically not possible. Also the total measurement is carried out with measuring tape, where measurement accuracy varies between 4 to 5 percent. Hence we have strong ground to represent our case that the allegations made in the notice are not sustainable in the law.

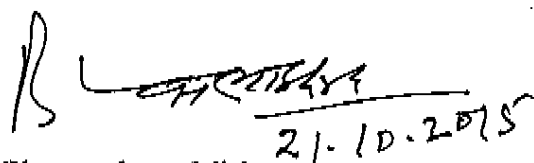
The company is strongly presenting its case before the government that penalty worked out by the Geological and Mining Department is incorrect and based on hypothetical parameters, hence such penalty would not be liable to be imposed on the company.

You are requested to kindly acknowledge the receipt and display the same on your website as per requirement of the guidance note.

We shall be pleased to provide any further clarification in the matter.

With kind regards

For GHCL Limited


21.10.2015

Bhuneshwar Mishra

General Manager & Company Secretary

