



RAIN INDUSTRIES LIMITED

RIL/SEs/2024

February 15, 2024

The General Manager Department of Corporate Services BSE Limited Phiroze Jeejeebhoy Towers Dalal Street, Fort <u>Mumbai-400 001</u>	The Manager Listing Department The National Stock Exchange of India Limited Bandra Kurla Complex Bandra East <u>Mumbai – 400 051</u>
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Dear Sir/Madam:

Subject: Rain Industries Limited ("RAIN") – Order of Hon'ble Commission for Air Quality Management.

Ref : Scrip Code: 500339 (BSE) and Scrip code : RAIN (NSE).

With reference to the above stated subject, we bring to your kind notice that the Hon'ble Supreme Court of India vide its order dated 10th October, 2023 delegated certain issues related to Pet Coke to the Commission for Air Quality Management (CAQM).

In this connection, please find attached the order dated 15th February, 2024 passed by Hon'ble CAQM.

A copy of the same is available on the CAQM website:

<https://caqm.nic.in/WriteReadData/LINKS/Pet%20Coke6a5778e7-9368-416e-913c-d2cb1a99cbe4.pdf>

This is for your information and record.

Thanking you,

Yours faithfully,
for Rain Industries Limited

VENKAT RAMANA
REDDY SINGIDI

Digitally signed by VENKAT
RAMANA REDDY SINGIDI
Date: 2024.02.15 20:16:59
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S. Venkat Ramana Reddy
Company Secretary

F. No. 160014/16/2021-MERD/PetCoke -754
COMMISSION FOR AIR QUALITY MANAGEMENT
IN NATIONAL CAPITAL REGION AND ADJOINING AREAS

17th Floor, Jawahar Vyapar Bhawan,
(STC Building), Tolstoy Marg,
New Delhi-110001

Dated: 15.02.2024

ORDER

**Subject: Import allocations for Raw Pet Coke and Calcined Pet Coke in the
Country – reg.**

The Hon'ble Supreme Court vide its Order dated 26.07.2018 restricted the use of imported Pet Coke, except for certain industries where imported Pet Coke was allowed to be used as a feedstock or in the manufacturing process and not as a fuel.

2. The Hon'ble Supreme Court vide its Order dated 09.10.2018, allowed Raw Pet Coke (domestic and imported), to be used as a feedstock for conversion to Calcined Pet Coke (CPC) with a condition that the imported raw pet coke (RPC) for this purpose cannot exceed 1.4 million metric tonne (MMT) per annum in total. In arriving at this figure, the Hon'ble Supreme Court was guided by the views of CPCB and MoEF&CC and more importantly Report No. 91 filed by the EPCA before the Hon'ble Supreme Court. Further, use of imported CPC was also allowed to Aluminium industry with cumulative quantitative restriction / cap of 0.5 MMT per annum, vide the same order dated 09.10.2018.

3. The Hon'ble Supreme Court *vide* its Order dated 10.10.2023 in WP(C) No. 13029 of 1985 titled as M. C. Mehta vs. Union of India & Ors., delegated certain issues related to pet coke, to the Commission, *inter alia* observing that "...a holistic view would have to be taken as to the distribution of the Pet Coke available in the country and the Pet Coke required to be imported and how both of them should be distributed inter se the industries...".

4. The Commission *vide* its Order dated 25.10.2023 accordingly constituted a Sub-Committee comprising members from CAQM, Ministry of Environment, Forest and Climate Change (MoEF&CC), Ministry of Petroleum and Natural Gas (MoPNG), Ministry of Commerce and Industry (MoC&I), Directorate General of Foreign Trade (DGFT) and Central Pollution Control Board (CPCB) and National Environmental Engineering Research Institute (NEERI as co-opted Member). The Sub-Committee deliberated the issues in detail related to the distribution of the Pet Coke available in the country and the Pet Coke required to be imported and made its recommendations to the Commission.

5. The Sub-Committee heard the CPC Manufacturers and Aluminium Industries before making the recommendations. The Sub-Committee deliberated the issues in detail related to the distribution of the Pet Coke available in the country and the Pet Coke required to be imported and how these should be distributed *inter se* amongst various industries viz. port based calciners and inland calciners seeking the same. The Sub-Committee also took into account suggestions and objections from the stakeholders, earlier Orders of the Hon'ble Supreme Court in the matter, reports filed by the EPCA and submission made by the CPC manufacturers and Aluminium Industries before it. Following issues were accordingly before the Sub-Committee:

- a. Decision on allocation of balance quantity of 0.4 MMT RPC out of total 1.4 MMT for the year 2023-24;
- b. Examination of requirement of import of RPC and CPC in the Country, also considering availability of RPC in the country and total demand of CPC;
- c. Examination of the issue of import for CPC Manufacturing Unit in the Special Economic Zone (SEZ).

6. With regard to the issue of allocation of balance quantity of 0.4 MMT RPC (out of total 1.4 MMT import quota) for the year 2023-24, the Sub-Committee deliberated the issues in detail, examined the submissions made in the IAs by

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various entities and heard the CPC manufacturers which appeared before the Sub-Committee. Based on the detailed deliberations, the Sub-Committee issued an Order dated 24.11.2023, directing the DGFT to allocate and distribute the balance quantity of 0.4 MMT RPC for the year 2023-24 to the eligible CPC manufacturers as detailed therein.

7. With regard to the issue of future import of RPC and CPC in the country for domestic use, the Sub-Committee observed and recommended the following:

- i. Irrespective of geographical location, all such calciner industries which have obtained all due statutory permissions and clearances for the prescribed production capacity of CPC need to be treated at par, in as far as allocation of imported RPC is concerned;
- ii. The calcining industry, involved in processing raw pet coke (RPC) to calcined pet coke (CPC), is a feeder mainly for anode manufacturing for the aluminum processing industry, besides other miscellaneous industrial applications. The conversion of RPC to CPC, however, is associated with substantial air pollution load (SO₂ emissions) since the sulphur content in calcined pet coke is required to be reduced to 3.5% as against 7-8% sulphur content in fuel grade raw pet coke. The aluminium industry also has an option of direct import of some quantities of CPC required for processing, which obviates the incremental pollution load owing to the conversion process from RPC to CPC. Thus, further capacity enhancement / expansion of such purely calcining industries may not be encouraged;
- iii. In the overall interest of environment protection, while also taking into account the requirements of respective industries, it was accordingly, decided to continue with a cap on import of RPC/CPC, in an effort to provide adequate checks and balances towards incremental emissions;
- iv. Approx. 0.453 MMT of domestic RPC is available for the calciners in the country. This capacity has more or less remained static and MoPNG does not foresee any major growth in future in this sector;

- v. The purpose of import of RPC is to primarily fulfil the domestic demand of CPC. Export of domestically manufactured CPC, by processing of imported RPC by such calciners, which substantially enhances harmful emissions and the air pollution load in the country, thus needs to be strongly discouraged;
- vi. Emission standards for PM, SO₂, NO_x have been notified for calciner industries, to be effective from June, 2025. However, emission limits for SO₂ for anode making process in aluminium industries are yet to be notified, which needs to be fast tracked by the CPCB and the MoEF&CC, to be endeavoured to be notified in a period of about six months from now;
- vii. By 2025-26, aluminium production in the country is expected to increase to about 5.09 million tonne against a present capacity of 4.249 million tonne, for which due environmental clearances have already been accorded by the MoEF&CC and other related agencies. Accordingly, the estimated requirement of CPC would be approx 2.1 MMT by 2025-26 against a present requirement of about 1.74 MMT (1.24 MMT through calciners and 0.5 MMT through direct import by aluminium industries). Towards sourcing of CPC by the aluminium industries, considering the levels of CPC cumulatively diverted by the calciners in the country for domestic industrial and miscellaneous applications other than aluminium, there appears a need for import of additional quantity of approximately 0.3 MMT CPC by the aluminium sector industries from 2025-26 onwards. This arrangement would strike an optimal balance and take care of the concerns related to added environmental emission load and the issues of continual availability of the desired quantity and quality of CPC required for aluminium processing. For the present and during 2024-25, however, the current level of a cap of 0.5 MMT for direct import of CPC by the aluminium industries appears to be sufficient and reasonable;
- viii. In as far as the requirement of RPC (for conversion to CPC) is concerned, taking into account the current cumulative capacities of the calciners, the

past trend of supplies of CPC made by them to the aluminium industries, to industries other than aluminium and for other miscellaneous applications only for domestic use in the country, it emerged that approx 2.35 MMT of RPC would be required annually w.e.f. 2024-25 itself. The domestic availability of RPC for the calciners, based on past trends and future projections, as per MoPNG, would be around 0.45 MMT. Thus, a gap of about 1.9 MMT would be required to be bridged through import of RPC cumulatively by all the calciners.

- ix. The Sub-Committee, recommended that the Commission may permit to allocate the aforementioned quantities of RPC / CPC for import (total 1.9 MMT RPC for Calciners and 0.5 MMT CPC for Aluminium Industry in the year 2024-25 and 1.9 MMT RPC for Calciners and 0.8 MMT CPC for Aluminium Industry from 2025-26 onwards), subject to the certain conditions.

8. With regard to the issue of import of RPC for CPC Manufacturing Unit in Special Economic Zone (SEZ), the Hon'ble Supreme Court *vide* its Order dated 10.10.2023 in W.P.(C) No. 13029 of 1985 titled as M.C. Mehta vs. Union of India & Ors., *inter alia* passed the following direction:

"(1) IA NO. 115613/2021 (APPLN. FOR CLARIFICATION OF ORDER DATED 09.10.2018 ON BEHALF OF RAIN CII CARBON (VIZAG) LIMITED)

Learned counsel for the applicant submits that in view of the other aspects being delegated to the Commission, the facts of the present case be also examined by the Commission itself.

This request is accepted and thus, the reliefs in this application are also delegated for consideration before the Commission.

The application stands disposed of."

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9. While examining the issue of import of RPC / CPC in SEZ, the Sub-Committee observed and recommended the following:

- i. Purpose of the SEZ Act, 2005 is to provide for establishment, development and management of the Special Economic Zones for the promotion of exports and for matters connected therewith or incidental thereto. SEZ Rules, 2006 mandate the unit to achieve positive net foreign exchange and to facilitate the same, the SEZ Act provides certain exemptions to the SEZ Unit from taxes /duties etc.;
- ii. Any business / operation which leads to substantial incremental pollution load needs to be regulated, however, also respecting the sanctions/ permissions/ clearances accorded to the industrial units through the regulatory framework and compliance to the prescribed standards by such units;
- iii. While promoting CPC manufacturing units in the SEZ areas, particularly from the stand point of export, may not be an environmentally desirable proposition, however, the industrial unit in question in the SEZ has been long set up after all due regulatory clearances and permissions and would be permitted to operate only subject to the compliance of the prescribed standards / norms. Furthermore, manufacture of CPC and / or blending with imported CPC is a permissible (but regulated) activity in the SEZ and is not prohibited;
- iv. The MoEF&CC has notified emission standard on 05.06.2023 for CPC manufacturing units, to come into force w.e.f. 05.06.2025. As submitted by the applicant, the unit is already complying with the notified emission norms even on date;
- v. The applicant submitted that its unit would suffer substantial monetary loss if this unit in the APSEZ is not allowed to operate, as a huge investment of Rs. 650 crore has already been made for the unit and that the unit has obtained all necessary permissions to conduct their business under the relevant laws i.e. environmental laws and SEZ related law to operate in the SEZ Area;

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- vi. The applicant has further submitted that besides complying with the emission norms stipulated by the MoEF&CC for CPC manufacturing units, their environmentally friendly attributes include installation of FGD in its AP SEZ Units, which treats SO₂ emission with more than 98% efficiency and there will be no ash generation by the unit;
 - vii. In such a scenario, a unit which is already operating in compliance of the extant laws, should not be made to cease their operations and the unit may not be denied of their rights of business having established a unit in the AP SEZ Area in due compliance of the extant laws and also as a matter *fate-accomplish*.
 - viii. The Sub-Committee recommended that the Commission may permit import of RPC / CPC by the SEZ unit, subject to the quantities as permitted for in their CTO/ CFO, duly factoring in any RPC sourced domestically by them, subject to certain conditions.
10. The observations, deliberations and recommendations made by the Sub-Committee were shared with the Commission members and the Commission approved the various recommendations of the Sub-Committee. The Commission, accordingly, in compliance of the directions of the Hon'ble Supreme Court hereby directs as under:

I. Import of RPC and CPC by Calciners / Aluminium Industry

- i. Import of total 1.9 MMT RPC for CPC Manufacturers and 0.5 MMT CPC for Aluminium Industry respectively shall be permitted during 2024-25 and 1.9 MMT RPC for Calciners and 0.8 MMT CPC for Aluminium Industry respectively from 2025-26 onwards, strictly subject to the following conditions:
 - a. Use of pet coke shall be permitted only as a feedstock / raw material and under no circumstances to be used as fuel;

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- b. Import of pet coke (CPC / RPC) shall be permitted to cater entirely to the domestic needs of aluminium industry and other industries, for the processes as permitted under various regulations / statutes and export of calcined pet coke through such calcining units shall be discouraged. However, "deemed exports" to SEZ units would be permitted;
- c. For the calciner industries, SO₂ emissions shall be managed and controlled through a flue gas desulphurization system, so as to comply with the standards of emissions prescribed;
- d. Emission limits for SO₂ for anode making process in aluminium industries are yet to be notified, which needs to be fast tracked by the CPCB and the MoEF&CC, to be endeavoured to be notified in a period of about six months from now;
- e. Continuous analysers for measurement of PM, SO_x, NO_x shall be installed by the calciners in the stacks of processes where waste/process gases are used;
- f. Regulation and monitoring of such import shall be as per the guidelines of MoEF&CC's OM dated 10.09.2018;
- g. The overall availability of RPC and CPC may be assessed from time to time by MoC&I in consultation with MoPNG, to prioritise the use of domestically available RPC;
- h. Allocations to individual units / industries may be continued to be carried out by the DGFT in line with their extant policies and guidelines duly taking into account the statutory environmental clearances, regulations etc. and the consented quantities for individual units;

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- i. The suggested caps on the import of respective quantities of RPC / CPC is considering the present capacities / consents of the regulatory authorities including the ongoing manufacturing capacity augmentations and is expected to take care of the requirements in all sectors for the next five years and thus ordinarily a review would be required accordingly, except for emergent and unforeseen conditions that may arise in future. Accordingly, any new establishment of CPC manufacturing unit or capacity augmentation of existing calcining units shall not be allowed purely in the overall interest of environment.


II. Import of RPC/CPC by RAIN Carbon SEZ Unit

- i. Import of RPC / CPC by the SEZ shall be permitted, subject to the quantities as permitted for in their CTO/ CFO, duly factoring in any RPC sourced domestically by the SEZ Unit, strictly subject to the following:
 - a. Use of pet coke shall be permitted only as a feedstock / raw material and under no circumstances to be used as fuel;
 - b. SO₂ emissions shall be managed and controlled through a flue gas desulphurization system, so as to comply with the standards of emissions prescribed;
 - c. Continuous analysers for measurement of PM, SO_x, NO_x shall be installed by the calciners in the stacks of processes where waste/process gases are used;
 - d. Regulation and monitoring of such import shall be as per the guidelines of MoEF&CC's OM dated 10.09.2018;

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- e. The SEZ Unit shall ensure time bound compliance of environmental safeguarding measures as decided by the concerned authorities from time to time;
- f. Establishment of any new such CPC manufacturing unit in any SEZ or capacity expansion of existing unit in the SEZ in question shall not be permitted.

11. Strict compliance of para 10 of this order may be ensured through the authorities concerned in this matter.

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(Arvind Nautiyal)
Member-Secretary

For information and necessary action to:

- i. The Secretary, Ministry of Environment, Forest and Climate Change
- ii. The Secretary, Ministry of Petroleum and Natural Gas
- iii. The Secretary, Ministry of Commerce and Industry
- iv. The Director General, Directorate General of Foreign Trade
- v. The Member-Secretary, Central Pollution Control Board
