

# BiofuelCircle Market Insights

## December 2024

### From the Editor's Desk: looking for a tipping point?

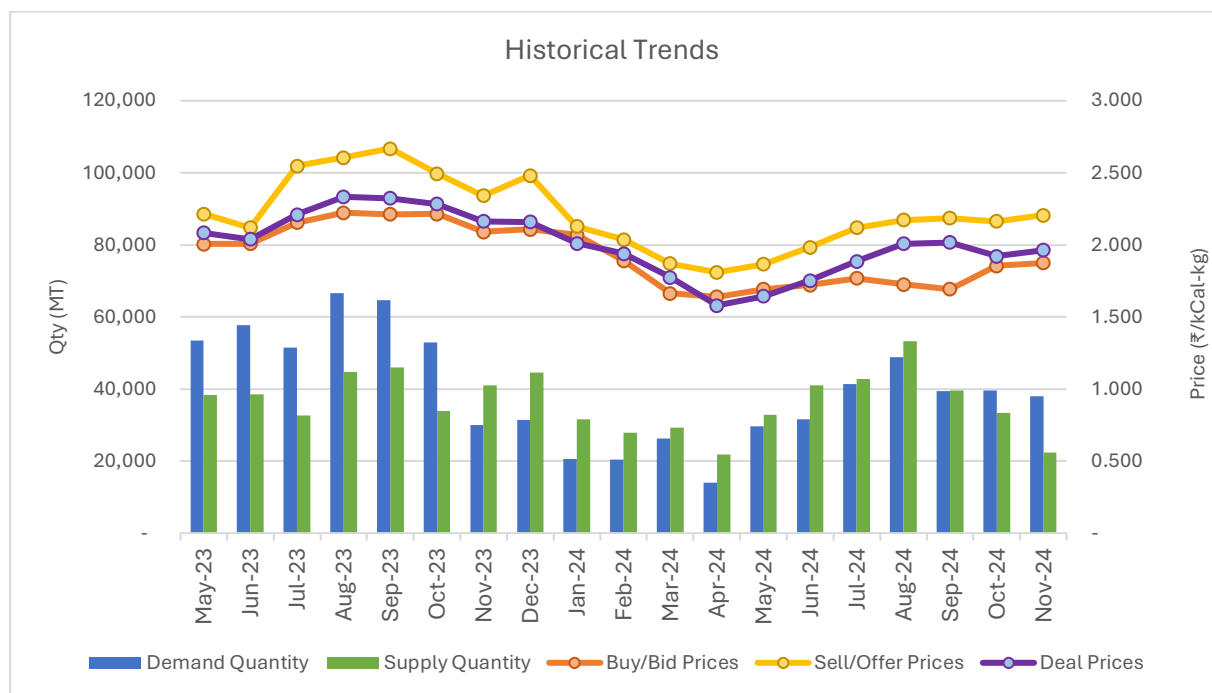
Improved feedstock availability helped processors shore up their conversion margin last month, while Buyers held back from committing to deals at current price levels for the forward months. For the fourth month running Coal prices were stuck in a very narrow range. And while the kharif harvest is better than the previous year, the fall in prices seems to be slower than expected.

For a second consecutive month deal happened closer to prices sought by Buyers, a clear break from the trend seen during the monsoon. Supply lagged Demand for both November & December delivery, indicating processors (suppliers) were holding back volumes. A warmer than expected winter will keep Coal prices under pressure, due to lower demand from power plants.

The market participants all seem to think a tipping point is coming. But no one wants to be the first to blink.

Read on to know more.

## Past Trends: Briquette Prices



This chart shows the pan-India trend on the BiofuelCircle platform, for weighted average delivered prices of Biomass Briquettes, converted to Rs per Kcal-kg over the past months, along with the availability & demand from our subscribers. Weighted average is calculated using quantity sought/ offered/ deals done, averaged over a month.

Buy/Bid prices (orange line) are expectations of Buyers (delivered basis). Sell/ Offer prices (yellow line) are based on responses and sells published by Sellers (again delivered basis). And finally, the Deal prices (purple line) are for deals concluded after platform-based negotiations between Buyers & Sellers. Demand (blue bars) is the total Buy quantity the month, and Supply (green bars) is the total quantity Offered by Sellers for that month.

The weighted average of Briquettes in November was marginally up over October at ₹1.96 per Kcal-kg, but still below the ₹2 level. The rise was ₹0.04 (2%), driven largely by the commodity mix, and partly by supply not keeping up with demand.

After a sharp rebound in Nov 2024, the share of Standard briquettes (GCV < 3400, Ash > 12%) on the platform dropped back to 23%. This trend has repeated from 2023, with nearly identical share of the mix. Superior briquettes (GCV ~ 3400 to 3800, Ash ~ 8 to 12%) held their ground, inching up to 12% in November, up from 10% in Oct 2024. Premium briquettes (GCV > 3800, Ash < 8%) regained share to two-thirds of the market at 66%, up from 50% in October. The market as seen on the platform continued to be dominated by Premium briquettes.

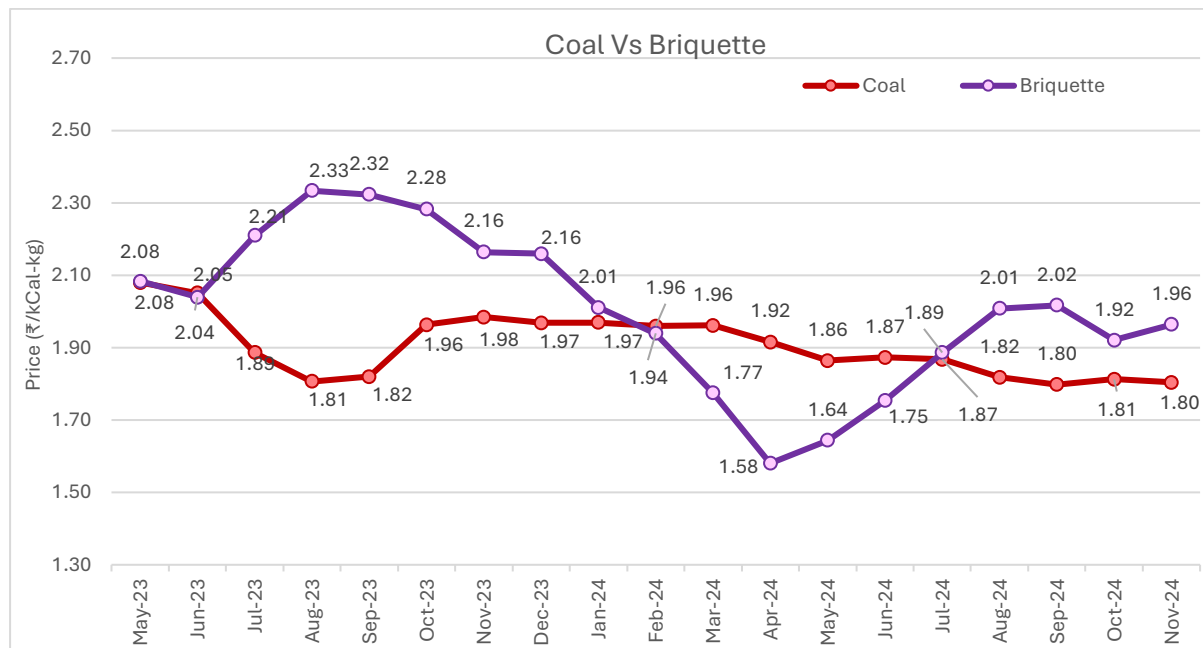
The weighted average price of Superior briquettes dropped from ₹2.08 per Kcal-kg to ₹1.93, Premium briquettes on the other hand, were traded at nearly the same price as October, at ₹2.05 per Kcal-kg, correcting the anomaly seen last month where Superior grades were more expensive than Premium. Standard briquettes were also unchanged from October to November at ₹1.72 per Kcal-kg. Thus the 2% overall increase in weighted average price for November over October was more mathematical in nature, as the share on Premium briquettes rose back to 66% in Nov 2024.

The spread between Buyers and Sellers moved in line with deal prices in Nov 2024. Sellers sought ₹2.21 per Kcal-kg (on average), up from ₹2.17 in October. Buyers followed with a small movement up from ₹1.85 in the month before to ₹1.87 per Kcal-kg in November. At 9 paise above the average Buyers' expectations, the weighted average deal price still remains closer to what Buyers seek.

Demand for briquettes has remained range bound since September. The key change was in Supply, which continued to fall in Nov 2024. The anticipated supplies after the harvest don't seem to have hit the market yet.

### Price Comparison

The chart below compares the weighted average delivered prices of Biomass Briquettes to those of imported coal (GCV 3400 GAR). We call the difference between these prices as the 'spread.' Coal prices in this chart (maroon line) are sourced from market publications, for Indonesian origin coal (3400 GAR), imported at Kandla and delivered on average 300 km inland. Briquette prices (purple line) are based on deals done on the platform. Both are converted to GCV basis, for meaningful comparison.



Nov 2024 saw a minor widening of the spread (in energy terms) between weighted average price of imported coal and briquettes, to 16 paise per kCal-kg – very similar to the level seen in Nov 2023.

Price of 3400 GAR coal imported into India continues to remain nearly unchanged since September. In Nov 2024, price averaged ₹1.80 per kCal-kg. Since October, Standard briquettes with very similar GCV, have been cheaper compared to imported coal, making a compelling case for buyers sensitive to price.

This is about the time when we should see Coal vs Briquette spread reverse, in favour of biomass Briquettes, as has played out over the last two years.

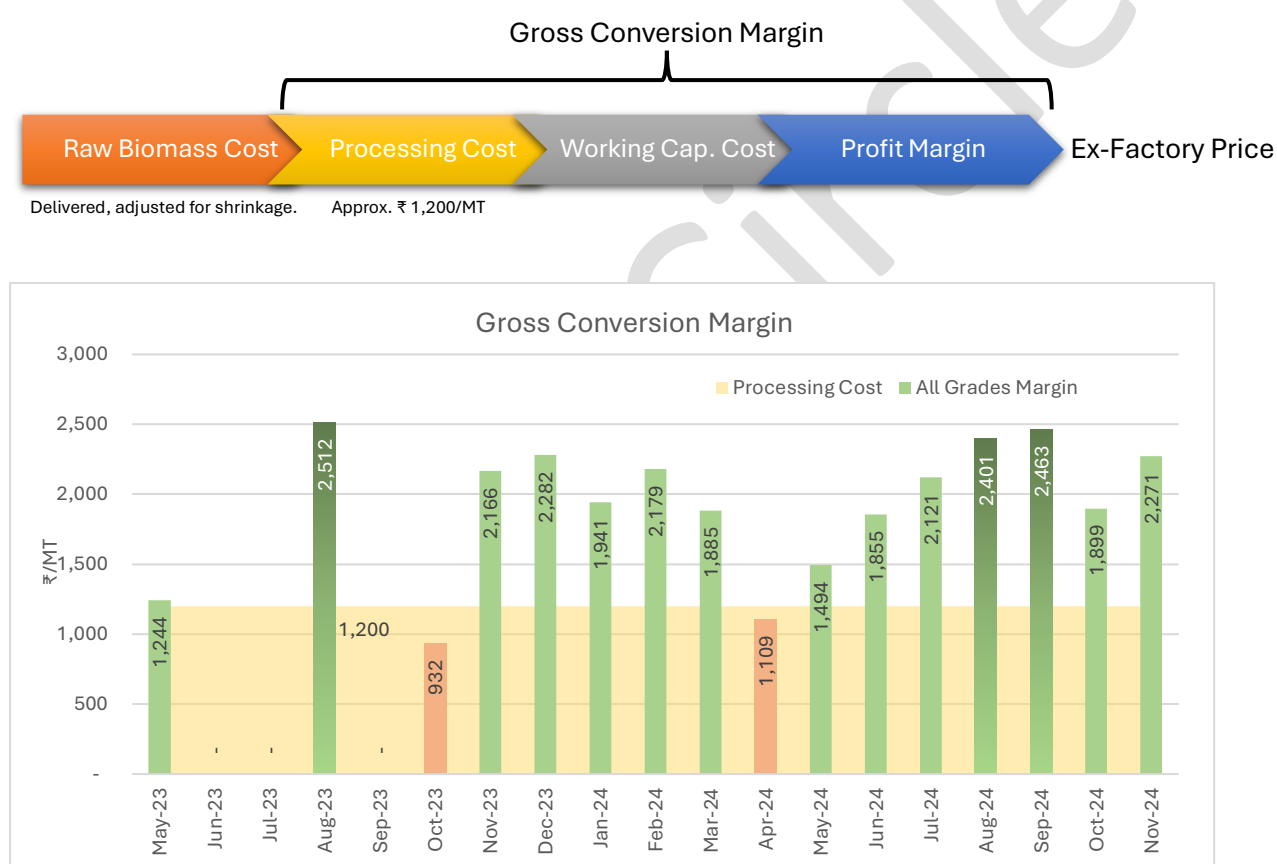
Our outlook for coal in November was prices will not rise significantly: they remained almost the same. There was interest from traders in India for imported coal from Indonesia, due to cheaper freight. But at the same time, coal stocks at power plants were 52% higher in Nov 2024 as compared to last year, due to increased coal production & better availability of rakes for delivery. Consequently, thermal power plants are well stocked for meeting the peak winter demand that is expected in December. At 628 million tons, domestic coal production for Apr to Nov 2024 is also 6,2% higher as compared to the same period last year. The government is also facilitating re-opening of closed or discontinued mines, under a revenue sharing model.

The IMD has forecasted a moderate winter, with fewer cold wave days this season. These developments seem to indicate another month of nearly the same prices for imported coal, if not lower than the last few months.

## Past Trends: Gross Conversion Margin

This chart shows the pan-India trend on the BiofuelCircle platform, of the difference between weighted average ex-factory price of Briquettes and weighted average delivered prices of Raw Biomass, converted to Rs per Kcal-kg over the past months. Weighted average is calculated using quantity sought/ offered/ deals done, averaged over a month. This chart excludes commodities such as paddy straw, which are directly used for conversion to biogas or bioethanol.

To assess the inherent value of briquettes, we have compared the delivered price of raw biomass, with the ex-factory price of briquettes. Raw biomass prices have also been adjusted for expected shrinkage across various inputs. The difference represents the GCM (Gross Conversion Margin), which includes the processor's cost of conversion, inventory holding cost, and a profit margin. We have tried to benchmark this against an average processing cost of ₹ 1,200/MT (approx. ₹0.34 per kCal-kg) as represented by the shaded region in the graph below. On top of this will be the cost of working capital, which varies from processor to processor.

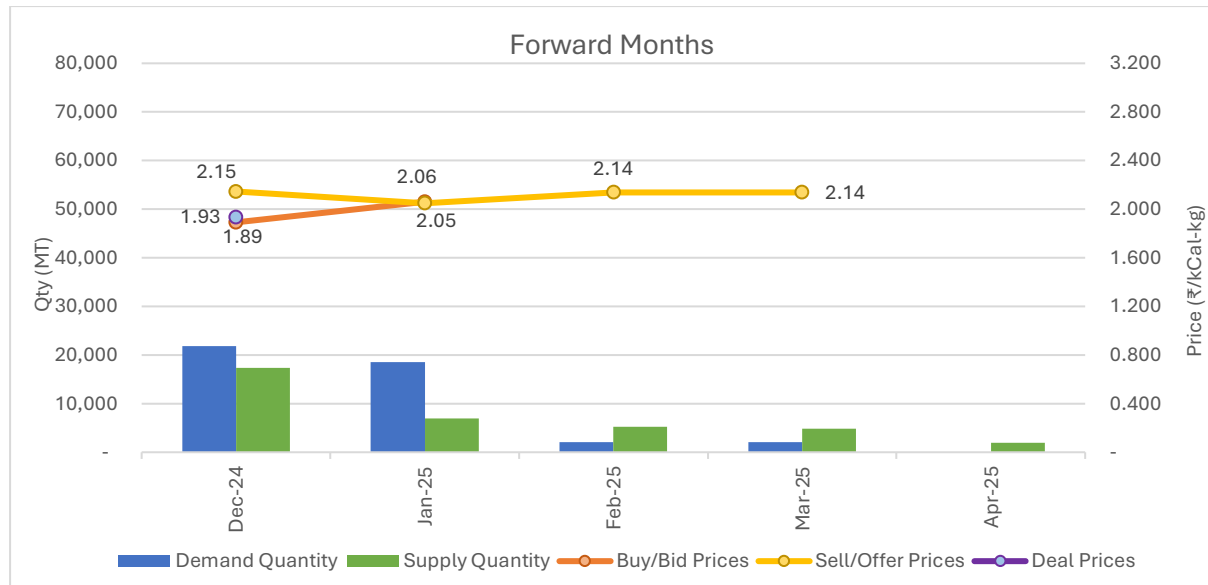


The Gross Conversion Margin (GCM) in November recovered to ₹2,271 per MT on the back of lower feedstock prices. With better supply from fresh harvest, feedstock was available below ₹2,500 per MT (average delivered price to processors, all grades), giving an improved GCM over ₹2,000 per MT for Standard briquettes. Superior briquettes fared better in Nov 2025, with gross margins in the range of ₹1,700 to 1,800 per MT. Premium briquette manufacturers (largely using groundnut shell & saw dust) continue to be under pressure as their average GCM fell even below the numbers for Superior briquettes. On a gross basis, the margin is 32% of the average landed cost of briquettes, but backing out the average processing cost gives processors a net realisation in the range of 15%.

With feedstock prices tending lower from October into November, and processors holding on to prices for briquettes, the margins in Nov 2024 were better than the previous month. We expect the GCM to settle down around the 30% level in the months to come.

### Forward Months: Briquette Prices

The prices (for Buys/ Bids, Sells/ Offers & Deals), as well as demand & supply quantities in the chart below are for delivery of biomass briquettes in the months to come.



Demand for December delivery was lower by a third as compared to Nov 2024, with supply going even lower. Deal prices for near month (Dec), as well as buyer & seller price expectations were very close to the current month (Nov). Close to half the quantity traded for December delivery, was for Premium briquettes, and thus the weighted average price for Dec 2024, at ₹1.93 per Kcal-kg was only slightly lower than November.

There is negligible Buyer interest beyond Jan 2025. Seller expectations in January were lower compared to December, and Buyers seem to be interested in matching up, but no deals are reported. With Sellers seeking prices above ₹2.00 per Kcal-kg, the expected mover towards lower prices from November onwards, has not happened just yet. As Buyers negotiate annual contracts, expect Sellers to show more flexibility in prices.

## BiofuelCircle Benchmark Prices

We continue to publish **BiofuelCircle Benchmark Prices**, as a ground-up calculation to reflect fair value proposition for both buyers and sellers to drive sustained production and usage of biofuels. We continue with publishing these prices for reference.

Biomass feedstock, briquettes, pellets are all traded in volume on the BiofuelCircle platform. Through direct connect with participants (buyers & sellers), and its own internal research, the platform has access to cost elements such transport, storage, working capital, labour, seasonal variations, etc. Taken together, BiofuelCircle's analysts compute a range of prices that can provide stable margins to sellers, and at the same time are competitive for buyers.

### Standard Briquettes

(GCV < 3400, Ash > 12%), ₹per Kcal-kg

Region		Dec-24	Jan-25	Feb-25
Maharashtra	Bid/Buy	1.62	1.63	1.63
	Sell/Offer	1.65	1.66	1.66
Gujarat	Bid/Buy	1.55	1.56	1.57
	Sell/Offer	1.58	1.59	1.60
Punjab/ Haryana	Bid/Buy	2.20	2.21	2.22
	Sell/Offer	2.23	2.24	2.25

### Superior Briquettes

(GCV ~ 3400 to 3800, Ash ~ 8 to 12%), ₹per Kcal-kg

Region		Dec-24	Jan-25	Feb-25
Maharashtra	Bid/Buy	1.76	1.76	1.77
	Sell/Offer	1.79	1.79	1.80
Gujarat	Bid/Buy	1.75	1.76	1.77
	Sell/Offer	1.78	1.79	1.80
Tamil Nadu	Bid/Buy	1.92	1.60	1.61
	Sell/Offer	1.95	1.63	1.63

### Premium Briquettes

(GCV > 3800, Ash < 8%), ₹per Kcal-kg

Region		Dec-24	Jan-25	Feb-25
Maharashtra	Bid/Buy	2.31	2.32	2.43
	Sell/Offer	2.33	2.34	2.46
Gujarat	Bid/Buy	2.15	2.16	2.18
	Sell/Offer	2.18	2.19	2.21
Punjab/ Haryana	Bid/Buy	2.37	2.38	2.55
	Sell/Offer	2.40	2.41	2.58
Tamil Nadu	Bid/Buy	2.31	2.25	2.29
	Sell/Offer	2.34	2.28	2.32

Do share your feedback on BiofuelCircle Benchmark prices. More granular data, based on place of supply or demand is available for registered users of the platform. Reach out to with [your BiofuelCircle representative](#) to know more.

## In Conclusion

Briquette prices held steady in November: the small 4 paise increase was more due to Premium briquettes share in the commodity mix rising from 50% in the month before, to 66% in Nov 2024. Sellers looked to gain from falling feedstock prices and attempted to hold fast to briquette prices, seeking better margins. But deals still happened closer to what Buyers sought. In the market for forward delivery, no deals were reported for Jan 2025 and beyond, while Buyers simply stayed away from seeking anything for Feb 2025 onwards. These signs point to Buyers expecting for prices for immediate delivery to fall in the coming months.

The price outlook for December is lower than November, but the fall may not be significant. Coal prices are also expected to fall further, but again the price band will remain close to the ₹1.80 to 1.82 per kCal-kg band. A bumper kharif harvest, with above average monsoon and more area under cultivation as compared to last year, should provide more access to Standard grade feedstock at competitive prices.

If you are a Briquette/ Pellet manufacturer, do look up the Benchmark Prices for a fair conversion margin. [Get in touch with your BiofuelCircle representative](#) to help you sell on the platform.

Are you a consumer of briquettes or pellets? Connect with [your BiofuelCircle representative](#) to understand how Benchmark prices can help give you price predictability and stability.

Disclaimer: This data is based on deals published and concluded on the BiofuelCircle platform during the period specified. The information contained is merely a guidance and not to be considered as an advisory for trading. The contents do not constitute professional advice or provision of any kind of services and should not be relied upon as such. BiofuelCircle does not make any recommendations and assumes no responsibility for any transaction/trading in commodities done based on the information given in the document and any such commitment/trade is subject to market and commercial risks for which BiofuelCircle shall not be responsible.

To learn more, reach out to us at:

Email: [info@biofuelcircle.com](mailto:info@biofuelcircle.com)

Contact No: +91 (20) 48522522