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BiofuelCircle Market Insights

March 2025

From the Editor's Desk: inversion time!

Be careful what you wish for, they say. It may come true!

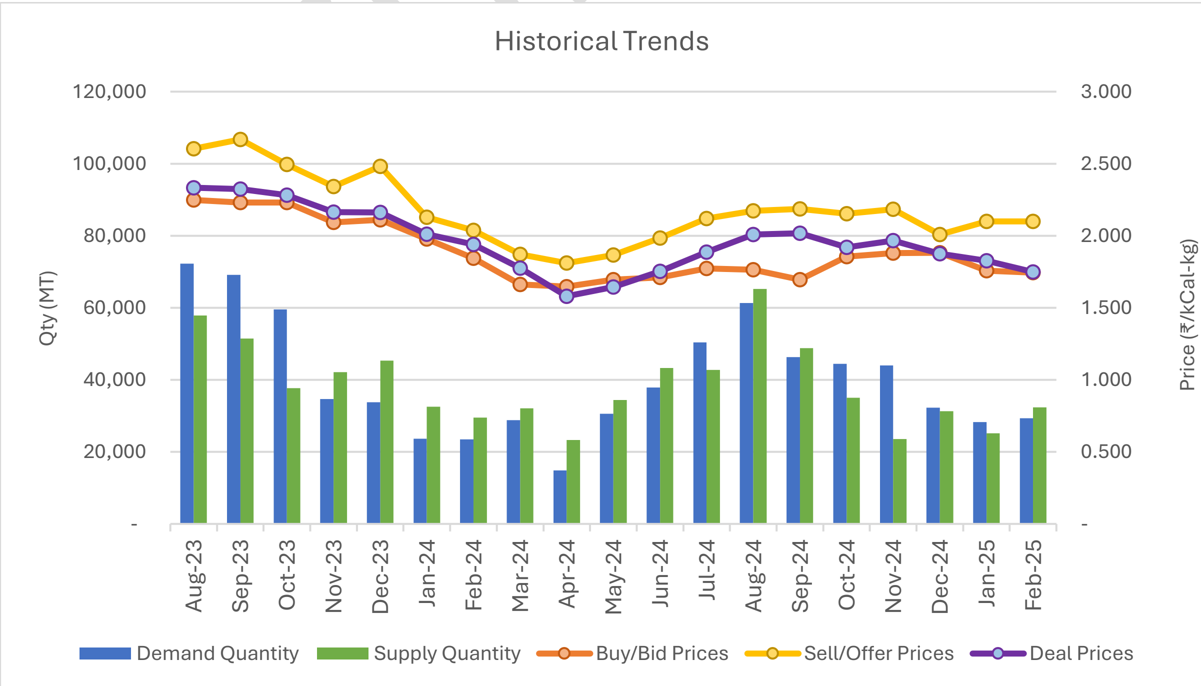
A record warm February 2025 followed a record warm January. Sellers tried hard to arrest falling prices, but the dam seems to have been broken. At ₹1.75 per kCal-kg, the Feb 2025 prices are back to the pre-monsoon level of Jun 2024. Deals for forward delivery happened at the price that Buyers wanted, 50 paise per kCal-kg lower than Seller expectations.

Superior briquettes prices crashed to match Standard briquettes, and both were cheaper than coal! That despite international coal being in bearish territory. The coal vs briquette spread almost flipped to negative, pulled just afloat to 2 paise, thanks to Premium briquettes.

It is inversion time. And it is downhill all the way.

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.

As expected, Feb 2025 saw a further fall in the weighted average price of Briquettes, to ₹1.75 per kCal-kg, down from ₹1.83 in January. The fall can be attributed to two reasons: prices of all grades trended lower in Feb, and the commodity mix skewed further in favour of Standard briquettes.

The weighted average price of Standard briquettes (GCV< 3400, Ash >12%) in Feb 2025 was ₹1.71 per kCal-kg, down almost 5 paise from the previous month. Superior briquettes (GCV ~ 3400 to 3800, Ash ~ 8 to 12%) tumbled down from ₹1.78 to ₹1.714 per kCal-kg in February: deals were stuck at almost the same price as Standard! Premium briquettes (GCV > 3800, Ash < 8%) didn't fare any better, with deals done in February at ₹2.02 per kCal-kg, a fall of 11 paise from Jan 2025. These kinds of prices for Premium briquettes, barely above the ₹2 mark, were last seen in Aug 2024.

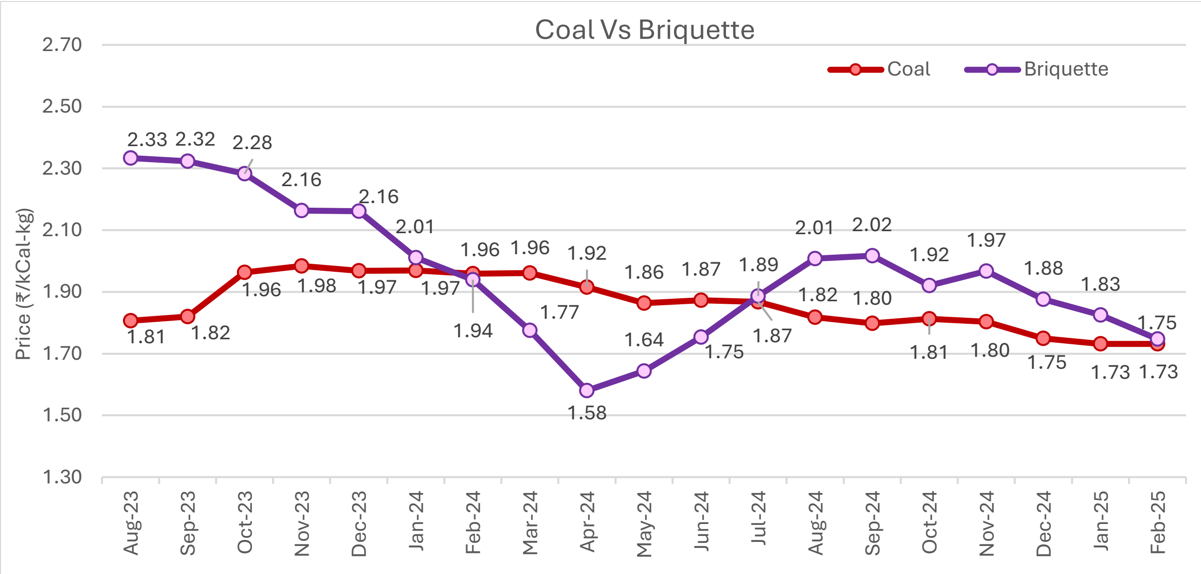
Volumes of Standard briquettes continued their upward march, making up for 77% of deals done in Feb 2025. The share of Premium briquettes (GCV > 3800, Ash < 8%) continued to slide downwards, from 18% in the previous month, to 12% of the mix in Feb 2025. Superior briquettes (GCV ~ 3400 to 3800, Ash ~ 8 to 12%) did marginally better, rising from 9% to 11% last month.

Put together, the weighted average price of all grades in Feb 2025 was more than 4% lower than the price in January.

On average, Sellers expected a price ₹2.01 per kCal-kg in Feb 2025. This was much lower than the ₹2.13 sought in January but still considered high. Buyers on the other hand, held their ground at ₹1.75 per kCal-kg last month, almost the same level as Jan 2025. Demand for Feb 2025 delivery was marginally higher than Jan 2025. But as expected, Supply in Feb jumped 30% over the previous month, going higher than Demand. Sellers hoped to somehow cling to the ₹2 mark, so the Bid-Ask spread was wider. But with more Supply than Demand, Feb 2025 deals (on average) were concluded at the same price as sought by the Buyers. This round of the tug-of-war has been won by the Buyers.

Price Comparison: Coal vs Briquettes

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.



As briquette prices continue to fall, the Coal vs Briquette spread in Feb 2025 almost flipped like it did exactly a year ago in Feb 2024. Well, almost.

Price of imported 3400 GAR coal stayed at ₹1.73 per kCal-kg in Feb 2025, unchanged from January. At this level, both Standard and Superior briquettes (around ₹1.71) were cheaper than Coal in February. The spread fell sharply from 11 paise in the month before, to is barely 2 paise per kCal-kg. It's hanging by a thread, thanks to the weighted average for briquettes being pulled by Premium grades to ₹1.75.

February was yet another month of weak demand for coal in the international as well as the Indian import market. Domestic supplies in India were more than adequate, due to which import prices remained flat as compared to the previous month. India imported 13.36 million MT of thermal coal in Jan 2025, which was 13% higher than corresponding imports in Dec 2025, but 7% lower for the same month (Jan 2024) last year – the fall was driven largely by stronger domestic production.

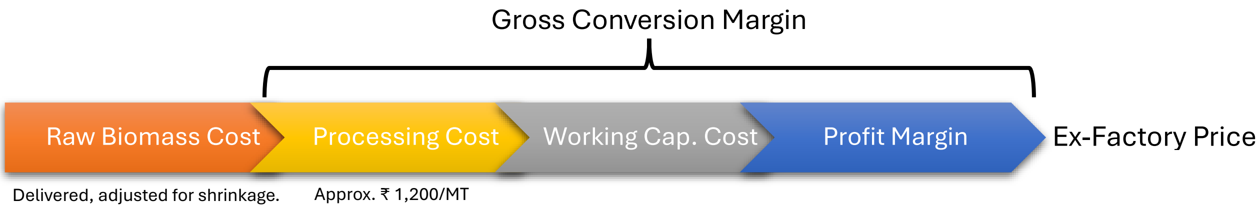
The European Union continues to reduce usage of coal, despite soaring prices of natural gas, the alternate fuel sought for heating and power. The long-term outlook for coal is decidedly bearish.

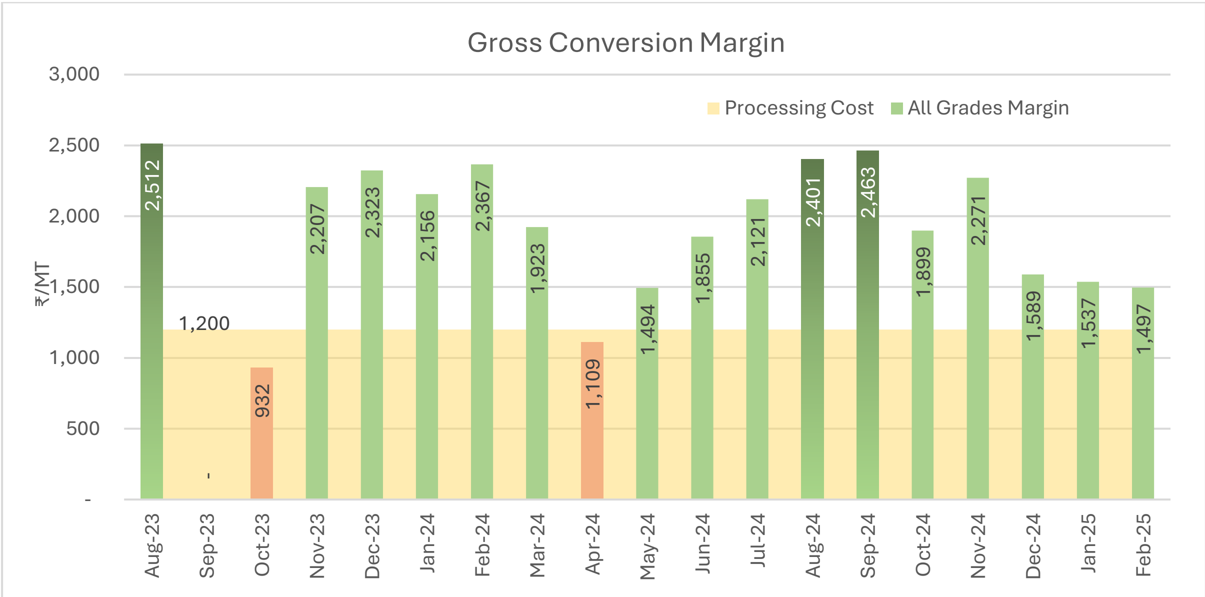
Past Trends: Gross Conversion Margin

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.



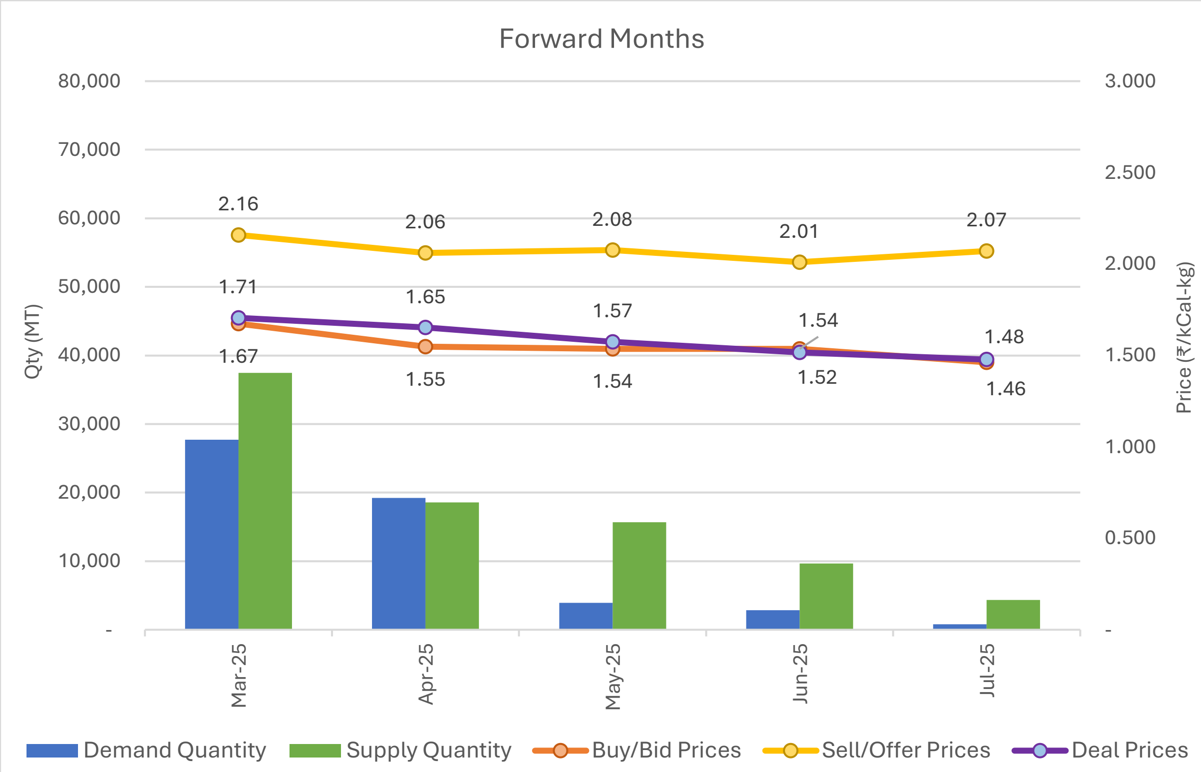


The Gross Conversion Margin (CGM) in Feb 2025 was ₹1,497 per MT, just a bit lower than January. In February, prices of feedstock for Standard grades were on average lower by ₹300 per MT, while briquette prices in the same month came down by just about ₹150 per MT. So GCM for Standard briquette manufacturers was a healthy ₹1,800 per MT, even better for some. Prices of Superior feedstocks were marginally lower in Feb 2025, down by just ₹70 per MT, and hence the GCM for such manufacturers was squeezed to ₹1,000 ~ 1,100 per MT. But manufacturers of Premium briquettes faced a double whammy in February: higher feedstock prices and lower briquette prices and to cover even processing cost.

Overall, in Feb 2025 the GCM across all grades was 24% of average landed cost of briquettes, marginally better than January, but nearly the same as December. There is still hope for March and beyond to see this break above the 25% level.

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.



The forward prices over the next few months have a story to tell. Deals for forward delivery are happening remarkably close to, or if not equal to, the Buyers' expectations. Clearly Supply exceeds Demand in all months, baring Apr 2025 where Demand is marginally higher. And this reflects in April deal prices pulling away higher than the levels sought by the Buyers.

Demand for Mar 2025 delivery was nearly the same as February, but Supply was much higher. Supply then tapered off from April onwards. And there isn't much Demand to speak of from May 2025 and beyond. But there are Sellers are in the market, and some deals did happen.

For delivery into the near month of Mar 2025, the weighted average price of deals done was ₹1.71 per kCal-kg, 4 paise lower than February. For Apr 2025 delivery, deals happened at an even lower ₹1.65 per kCal-kg. This was the same price level seen in January, for May 2025 delivery. Beyond April, the deal prices slide further to ₹1.57, ₹1.52 and even going below the ₹1.50 level. All deals into May 2025 and beyond happened at about the same price as sought by Buyers. If there were any doubts in January about which way the prices would go, February is clearly showing the way.

Strangely, the Bid-Ask spread (between Buyer & Seller expectations) has been pulled apart even further, to 40~50 paise in the forward months starting Mar 2025: a far cry from 16 paise in Dec 2204. This indicates a Seller tendency to expect significantly higher prices, to begin with but willingness to negotiate and give way to the Buyer. Last month we said this was unusual and possibly unsustainable, now this can definitely be called strange!

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. These prices are offered for reference and comparison.

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.

Based on feedback received, this month we are introducing a simpler, national benchmark price for various grades, with a longer outlook beyond three months:

Ex-factory, ₹per kCal-kg

Grade	Mar-25	Apr-25	May-25	Jun-25	Jul-25
Standard *(GCV< 3400, Ash >12%)*	1.30	1.36	1.41	1.42	1.44
Superior *(GCV~3400 to 3800, Ash~8 to 12%)*	1.43	1.44	1.45	1.46	1.46
Premium *(GCV > 3800, Ash < 8%)*	1.93	1.92	1.92	1.93	1.92

How do you find this simpler format? Do share your feedback. 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

February brought clear tidings – its all the way down from here for briquette prices, at least until summer when kharif harvest feedstocks get depleted. Forward month deals clearly show Sellers willing to go as low as ₹1.60~1.50 per kCal-kg, a level that many Buyers will find attractive.

Typically, demand for coal in India peaks in summer to meet requirements for power generation. Feb 2025 was the warmest and driest February on record in India, since 1901. The possibility of an early and hotter summer in 2025 seems to imply a higher-than-average demand for electricity. But given that the government has been ramping up domestic production, it remains to be seen if imports will also surge, leading to recovery in coal prices.

Superior briquettes swung hard from being almost as expensive as Premium briquettes, to almost as cheap as Standard briquettes! We will be tracking this indicator as another bellwether for where prices are headed. But we do expect Gross Conversion Margins to improve slightly as feedstock prices ease.

Last month we said prices of briquettes will come close to 3400 GAR imported coal in February & March. February proved us right. With Standard and Superior briquette slipping below coal, the prognosis is again for lower prices. The flip may very well happen in March.

If you are a Briquette/ Pellet manufacturer, how could these trends impact you? Get in touch with your BiofuelCircle representative to know more.

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.

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