

# BiofuelCircle Market Insights

April 2025

## From the Editor's Desk: searching for the bottom

Briquettes cheaper than Coal. Two price indicators at record lows. And boiling tariff wars. A sizzling March, and we don't just mean the weather!

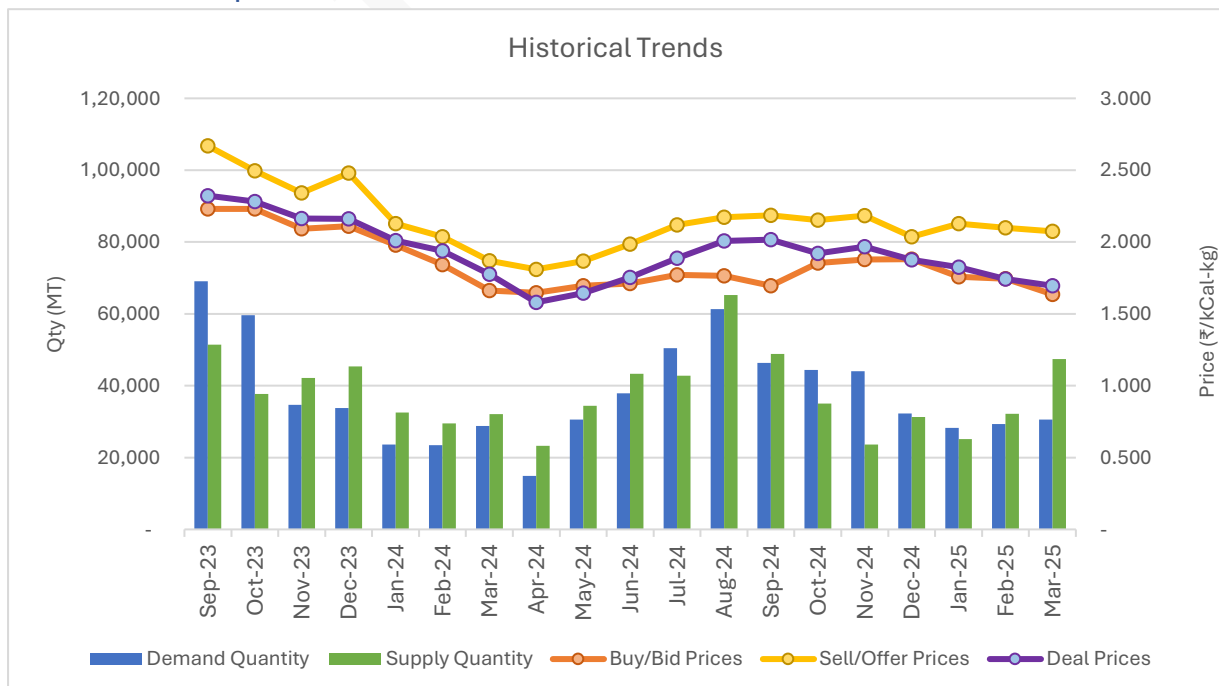
Prices of Premium briquettes cooled down below ₹2 per kCal-kg in Mar 2025 – a level not seen in a long time. Rising supplies led Buyers to bid at the lowest level in also a long time. And a blip in Coal prices combined with the expected downward trend in briquette prices made solid biomass fuels cheaper than fossil coal by 13 paise per kCal-kg.

Buyers were tempted by expensive grades that seemed cheaper: Premium briquettes were just 7 paise more expensive than 3400 GAR Coal. Deals for immediate delivery continued to happen closer to Buyer expectations. For forward delivery, Sellers managed to just about hold on, but at increasingly lower prices in the ₹1.54 ~ 1.64 band.

Will briquette prices fall even further? Or will changing commodity mix arrest the slide? What role will summer play? And will global economic uncertainty impact coal prices?

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 price of Briquettes maintained their downward trend in Mar 2025, dropping 5 paise to ₹1.695 per kCal-kg, from ₹1.75 in February. The fall came on the back of an increased Supply in March, which put pressure on prices of Premium and Standard grades.

Prices of Standard briquettes (GCV < 3400, Ash > 12%) fell 7 paise in Mar 2025, from ₹1.71 in the previous month to ₹1.64 per kCal-kg. Premium briquettes (GCV > 3800, Ash < 8%) traded at ₹1.898 per kCal-kg in March: 12 paise below the previous month. Superior briquettes (GCV ~ 3400 to 3800, Ash ~ 8 to 12%) on the other hand, staged a bit of a recovery in Mar 2025 after an over-correction in February. Deals happened at ₹1.74 per kCal-kg, up about 3 paise. It seems like order was restored in the price hierarchy of the various briquette grades. But Premium briquettes slid below ₹2, the lowest price for this grade since we started tracking prices two years ago!

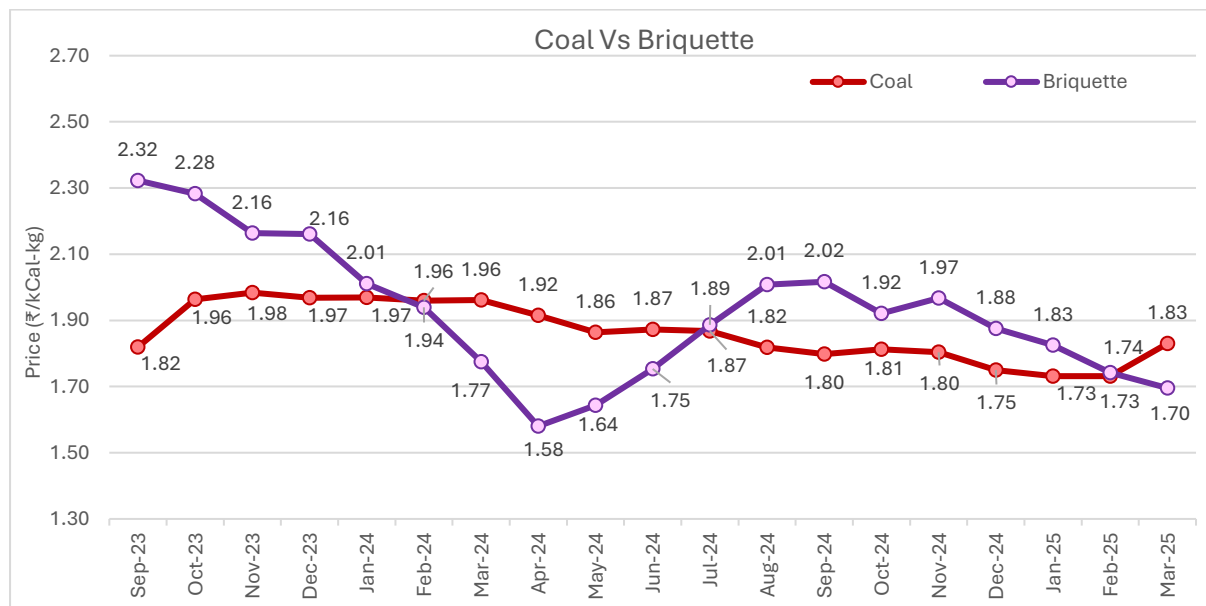
At this level, Premium briquettes (GCV > 3800, Ash < 8%) seemed incredibly attractive to Buyers, their share of deals clawed up to 16% in Mar 2025, up from 12% in February. Superior briquettes (GCV ~ 3400 to 3800, Ash ~ 8 to 12%) also saw an uptick in market share to 14% last month, up from 11% in Feb 2025. Obviously, this came at the cost of Standard briquettes which dropped from 77% share of deals done in Feb to 70% in March.

All things considered, the weighted average price in Mar 2025 for the three grades of briquettes was ₹1.695 per kCal-kg, just 2.7% lower than February. The average could have been much lower had the grades maintained their relative shares at last month's levels.

The gap between Demand and Supply on the platform widened in March, with Supply jumping 47% over the month before, with Demand staying more or less steady. Accordingly, Buyers sought to extract even lower prices than Feb, with an average Bid price of ₹1.64 per kCal-kg. This is almost the same as in Sep 2024, and the lowest we have seen Buyers go in the last two years. March also marks the sixth straight month since Oct 2024 where, on average, deals have happened remarkably close to or almost at Buyer expectations. Sellers stayed put above ₹2 per kCal-kg in Mar 2025, causing an even wider Bid-Ask spread: the widest since Sep 2023.

## 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.



The inevitable has happened: the Coal vs Briquette spread flipped in favour of briquettes in Mar 2025.

Prices of imported 3400 GAR coal into India started inching up in early March as inventories at the ports emptied out, higher than average temperatures lead to increased demand for power generation, with even non-power sector buyers increasing purchases. On the other hand, international thermal coal prices were subdued around the same period. At the end of first week however, prices in Europe rebounded from a one-year low. And rising demand in India for cooling meant that coal consumption continued to rise. The power sector prioritised use of domestic coal, and towards the end of the month, prices for imported coal did cool off. But not lower enough, taking the average for Mar 2025 to ₹1.83 per kCal-kg, a jump of 10 paise from February.

With the weighted average briquettes falling 5 paise month-on-month, imported Coal (3400 GAR) was, on average, 13 paise more expensive than biomass briquettes in Mar 2025. Premium briquettes were just 7 paise more expensive than Coal. And both Standard and Superior briquettes continued to be cheaper than Coal in February. Again, had it not been for higher-than-expected market share of Premium and Superior grades, the Mar 2025 spread would have been even wider in favour of biomass briquettes.

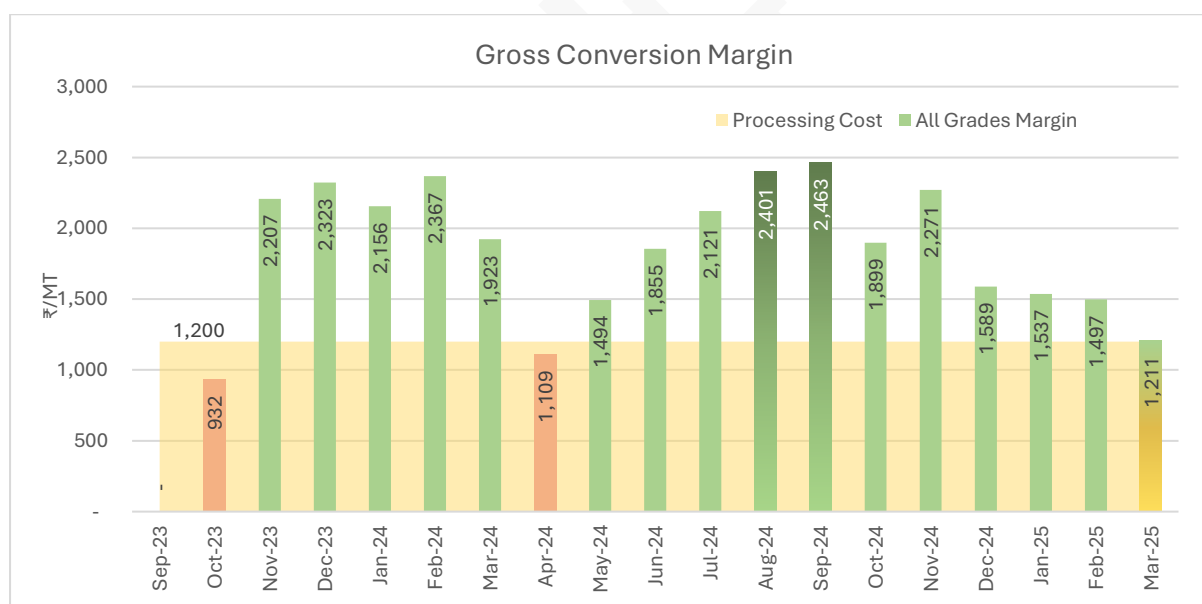
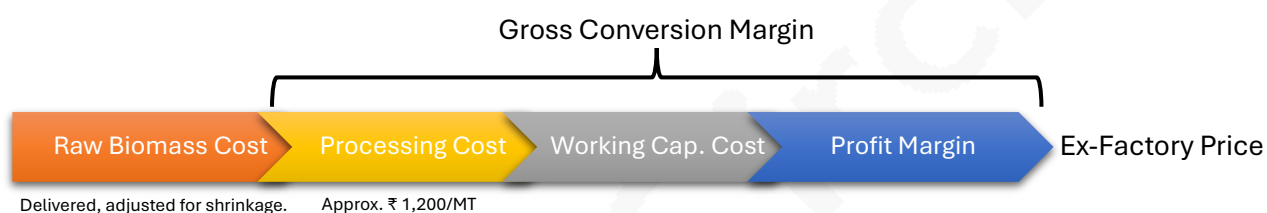
Demand for coal imports into India is expected to be lower, as thermal power plants hold sufficient inventory for 24 days of consumption (as of end March), and domestic production continues to support any surge in demand. India's peak power demand is expected to hit 273 GW in the summer of 2025, about 9~10% higher than last year. More than 70% of peak demand is met by thermal power – which translates into a higher demand for coal. The union ministries of Coal, Power and Railways have put plans in motion to meet this demand through increased domestic production and improved logistics.

There is no direction to prices in the international coal markets, as the tariff war between the United States and China unfolds. Reciprocal tariffs by China may slow down imports of American coal, and general uncertainty is expected to cause disruptions in global commodity trades.

### 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.



Mar 2025 saw pressure on the Gross Conversion Margin (CGM) for briquettes. GCM dropped down to ₹1,211 per MT, barely above the ₹1,200 reference level.

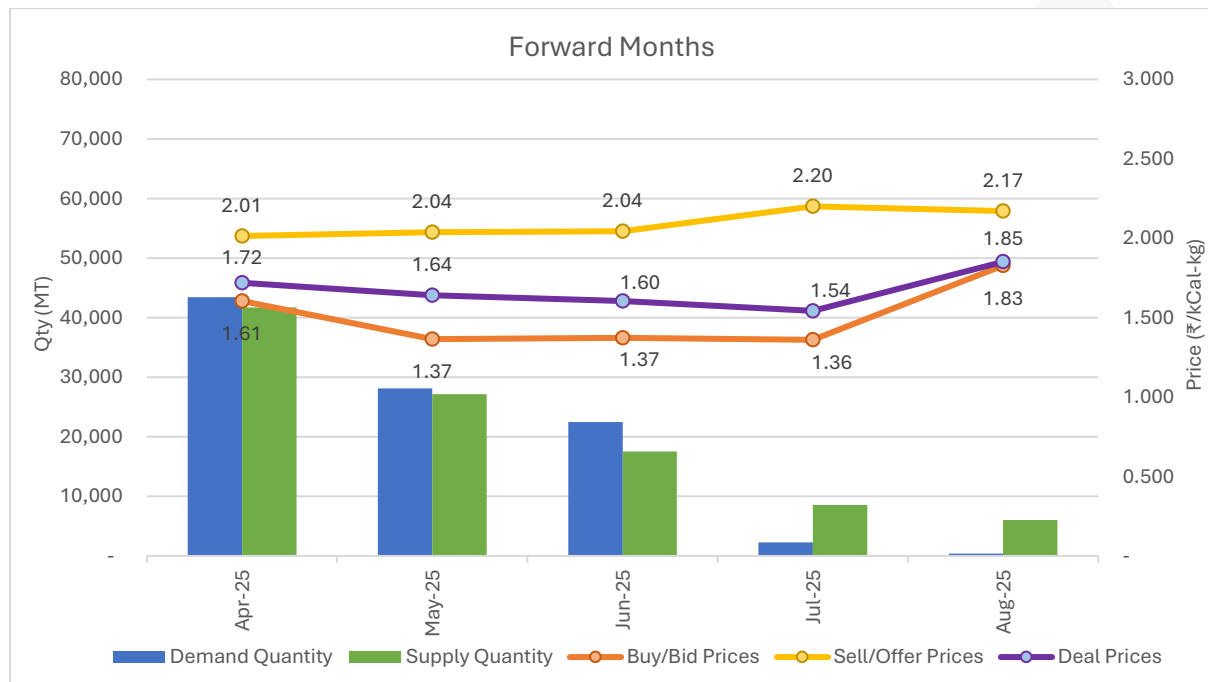
Prices for Standard grade feedstock were marginally lower by ₹50~60 per MT, while briquette prices in the same month came down by about ₹220 per MT. Standard briquette manufacturers found their CGM dropping down to around ₹1,600 ~ 1700 per MT. Prices of Superior feedstocks were actually higher in Mar 2025, by about ₹65 per MT, but a recovery in corresponding briquette prices provided some relief to these manufacturers, taking their GCM into the ₹1,100 ~ 1,200 per MT range. Manufacturers of Premium briquettes saw a ₹450 ~ 500 per MT drop in feedstock prices

nearly taken away by a ₹300 ~ 400 per MT drop in briquette prices. Their challenges continued for yet another month.

GCM across all grades of briquettes in Mar 2025 was lower at 20% of average landed cost, just above the 19% level seen in Apr 2024. Any hope to see this break above the 25% level in the near term, is a rapidly fading one.

### 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 shape of the forward curve has one difference as compared to the month before: deal prices have been pulled up and seem further away from the Buyers’ expectations. While the deal prices in the curve are higher, it’s the Bid price curve that has been pulled down.

Emboldened by recent price drops and higher Supply, Buyers are seeking even lower prices in the forward months. Until Supply exceeds (even if slightly) the Demand in any near month, Buyer expectations are falling as low as ₹1.36 ~ 1.37 per kCal-kg for deliveries in the months from May to Jul 2025, followed by a sharp reversal for Aug 2025 deliveries. Sellers on the other hand continue to try and hold the ₹2 per kCal-kg price level, rising to ₹2.20 for deliveries in the monsoon months of Jul and Aug 2025.

A deeper dive reveals the story behind the numbers. Its obvious that deals for forward delivery are happening at 5 ~ 7 paise higher than seen in February. E.g. for Apr 2025 delivery, deals happened at ₹1.65 per kCal-kg in Feb 2025, while in Mar 2025, the average price for delivery in the same April month was ₹1.72. A similar trend is observed for May & June. But it’s the commodity mix in the deals for near months that reveals the hidden explanation: Premium & Superior briquettes dominate due to their attractive price levels, which leads to a higher weighted average when taken together with all grades.

Demand for Apr 2025 delivery is 40% higher than March, and Supply is still catching up. The story repeats into the near months of May and Jun 2025, but beyond July there are hardly any Buyers. Market activity for the same months is also subdued at the moment.

The Bid-Ask spread (between Buyer & Seller expectations) has been stretched even further into 40 ~ 60 paise range for the three near months. It balloons to 84 paise in July before falling back to familiar territory. A wider than normal Bid-Ask spread is often a sign of uncertainty.

## 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	Apr-25	May-25	Jun-25	Jul-25	Aug-25
<b>Standard</b> (GCV< 3400, Ash >12%)	1.36	1.41	1.42	1.44	1.45
<b>Superior</b> (GCV~3400 to 3800, Ash~8 to 12%)	1.44	1.45	1.46	1.46	1.47
<b>Premium</b> (GCV > 3800, Ash < 8%)	1.92	1.92	1.93	1.92	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

The story of March unfolded along expected lines – well almost. The Coal vs Briquette spread turned in favour of briquettes: solid biomass fuel was cheaper than equivalent coal. Briquette prices themselves were 3% lower as compared to the month before, but coal briefly turned the other way. Gross Conversion Margins though, did not improve as expected.

The forward month curves show Buyers posturing for even lower prices, but Sellers managing to hold on. In Mar 2025, and for delivery into near forward months, Buyers leaned towards buying Premium & Superior briquettes. It was as if something hitherto expensive, was suddenly looking cheap.

There seems to be a consensus that summer is almost here, it will be hotter than usual and will last longer than usual. There is preparation underway in India to meet the expected record peak

demand for electricity, through domestic coal supplies. April may still not see demand for imported coal, and the price rebound in Coal may be short-lived.

There is some uncertainty in global coal markets due to the ongoing global tensions around trade tariffs. In such situations, market participants tend to take a wait-and-see approach. We will be watching this closely.

At ₹1.70, average price of briquettes is low. But still above the two-year low of ₹1.58 seen in Apr 2024. Premium briquettes sliding to below ₹2 per kCal-kg, and Buyer expectations (Bid prices) at the lowest levels in two years seem to indicate there is still some downside to overall Briquette prices. It seems like the lowest-price record is going to be tested in April 2025.

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.

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

\*\*\*\*\*