

BiofuelCircle Market Insights

June 2025

From the Editor's Desk: Up but only just

The wettest month of May in 124 years! An early shift in market preference away from Standard briquettes. Prices of Coal falling. But Superior briquettes still cheaper than Coal. A month of climate uncertainties. And month where signs are pointing to a reversal in the price trend.

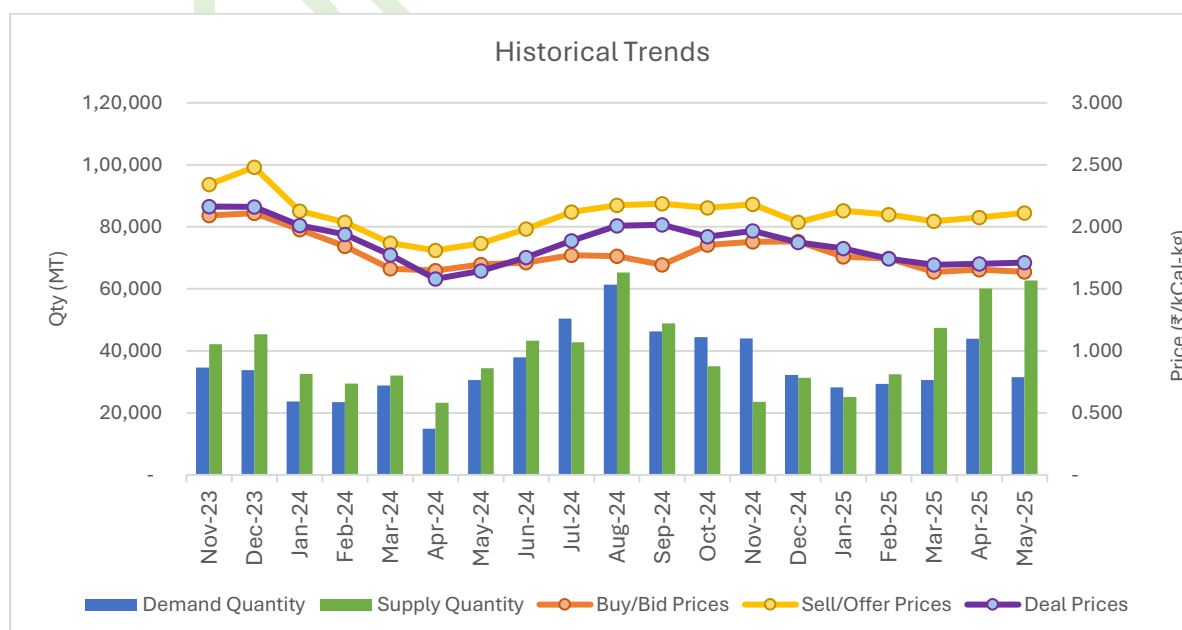
At ₹1.71 per kCal-kg, the weighted average price of briquette in May 2025 was just a paise or so over Apr 2025. Comparatively weaker demand for May & June delivery continued to pause the prices of briquettes. But feedstock prices for briquette manufactures went higher, leading to another month of Gross Conversion Margin at ₹1,000 per MT or lower. Manufacturers would want to change this.

Coal prices are on a downtrend, and the market doesn't expect them to recover much in the rest of the year. The Coal vs Briquette spread is not very wide, at ₹0.08 per kCal-kg. Chances are this could reverse soon.

June looks like the month when a lot could change. But what are the signs that foretell the change?

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 prices of Briquettes in the month of May 2025 were ₹1.713 per kCal-kg, as against the April average price of ₹1.701. A change of + ₹0.012 is not really an increase in prices across the board but an early shift in the market mix towards Superior and Premium grades.

Prices of Standard briquettes (GCV < 3400, Ash > 12%) actually fell to ₹1.55 per kCal-kg in May 2025, 4 paise lower than ₹1.59 in April. At ₹1.94 per kCal-kg, prices of Premium briquettes (GCV > 3800, Ash < 8%) in May were just 1 paise below the previous month. And Superior briquettes (GCV ~ 3400 to 3800, Ash ~ 8 to 12%) went from ₹1.59 in April to ₹1.62 per kCal-kg in May 2025, an increase of 3 paise. So how does the weighted average across all grades still increase by just over a paisa? The answer lies in the mix, i.e. the market shares.

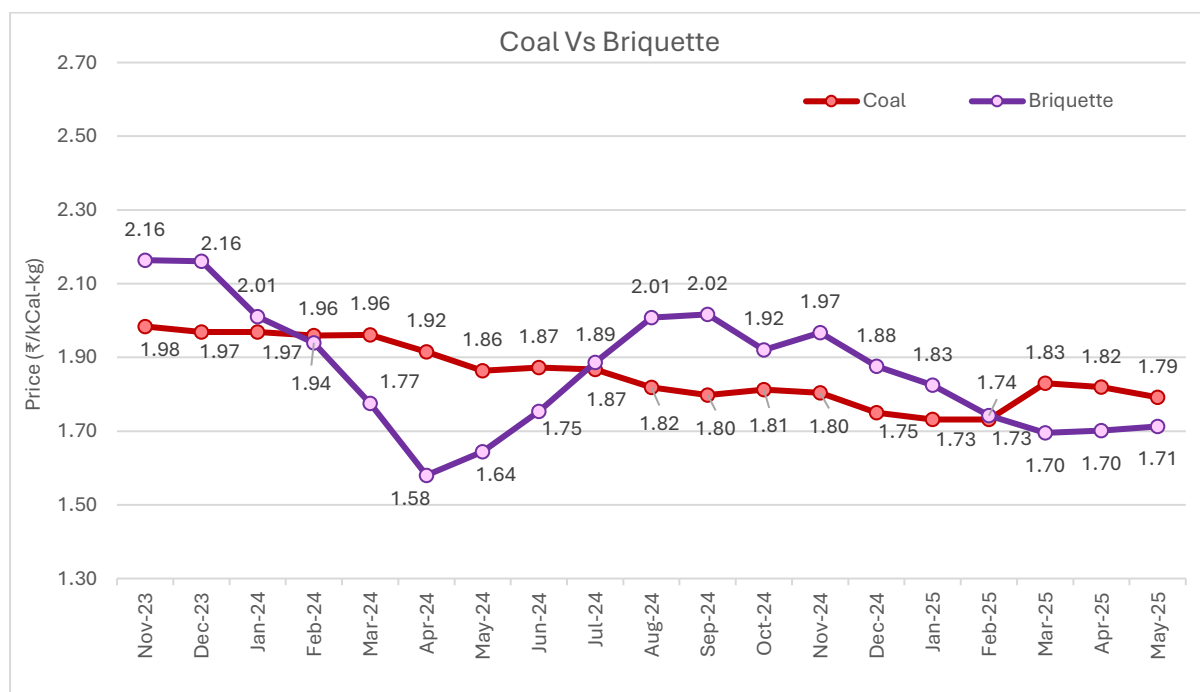
Standard briquettes (GCV < 3400, Ash > 12%) have been losing market share since February. The share slipped from 54% of all deals done in April, to 41% in May 2025. And Superior briquettes (GCV ~ 3400 to 3800, Ash ~ 8 to 12%) have been gaining ground every month since January. They made for 21% of all deals done in May 2025, as compared to just 16% in the month before. Even Premium briquettes (GCV > 3800, Ash < 8%) found favour with buyers, making for 38% market share in May 2025, up from 30% in April. With more expensive grades dominating the mix, the combined effect just about pulled the price up, despite prices of two out of three grades actually falling in the month.

Over the last two years, Standard briquettes have been seen to fall out of favour once the monsoon covers the country: in the month of June. This year however, the shift to more of Superior or Premium grades happened a month early. Blame the pre-monsoon?

Supply in the month of May 2025 was up 4% over the previous month, with steady participation from Sellers. Demand however was weaker in May, as most Buyers had covered their requirements for May-June earlier. Unseasonal rainfall in many parts of the country also slowed down purchases. The over-supply in May was the widest seen on the platform for almost 18 months. Despite lower Demand, Sellers sought ₹2.11 per kCal-kg (3 paise over April). Once again, the average was higher as most Offers to sell were for Superior and Premium grades (groundnut shell, saw dust and related mixtures). Buyers on the other hand drove a hard bargain, holding fast to ₹1.64 per kCal-kg in May 2025, this time 2 paise lower than April. At 42 paise, the Bid-Ask spread is on the wider side, but in range of what has been seen since January. Deals continued to happen closer to Buyer expectations.

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, Gross as Received). 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 spread between Coal and Briquettes has been narrowing ever since it flipped in favour of briquettes. In May 2025, the spread contracted by 4 paise over the previous month, to ₹0.08 per kCal-kg.

At ₹1.79 per kCal-kg, price of imported 3400 GAR Coal into India was lower in May 2025, falling 3 paise from the previous month. While Superior briquettes did become slightly expensive in May, but that was not enough to cross the price of imported Coal. Superior (GCV ~ 3400 to 3800, Ash ~ 8 to 12%) and Standard (GCV < 3400, Ash > 12%) briquettes continued to be cheaper than imported 3400 GAR Coal (by 17 paise and 24 paise respectively) in May 2025. Due to coal price tending lower, Premium (GCV > 3800, Ash < 8%) briquettes were 15 paise more expensive in the same period. Briquettes continue to offer a compelling green energy alternative to fossil Coal.

In the international coal markets, a heady combination of poor demand, oversupply from major exporters, more than adequate inventories and constant geopolitical tensions pushed Coal prices lower. Inventories across major importing nations, especially China and India, were at multi-year highs, and freight rates continued to decline, further reducing the delivered price of Coal.

Demand for imported thermal coal into India was subdued due to rainfall and strong domestic supply. Geopolitical tensions with Pakistan earlier in the month led to temporary port closures and disrupted procurement. Coal stock at power plants is at 24 days of requirement, and with adequate supply from domestic sources, the power sector has reduced its dependence on imports. The non-power sector also reduced demand for coal in general, during May 2025.

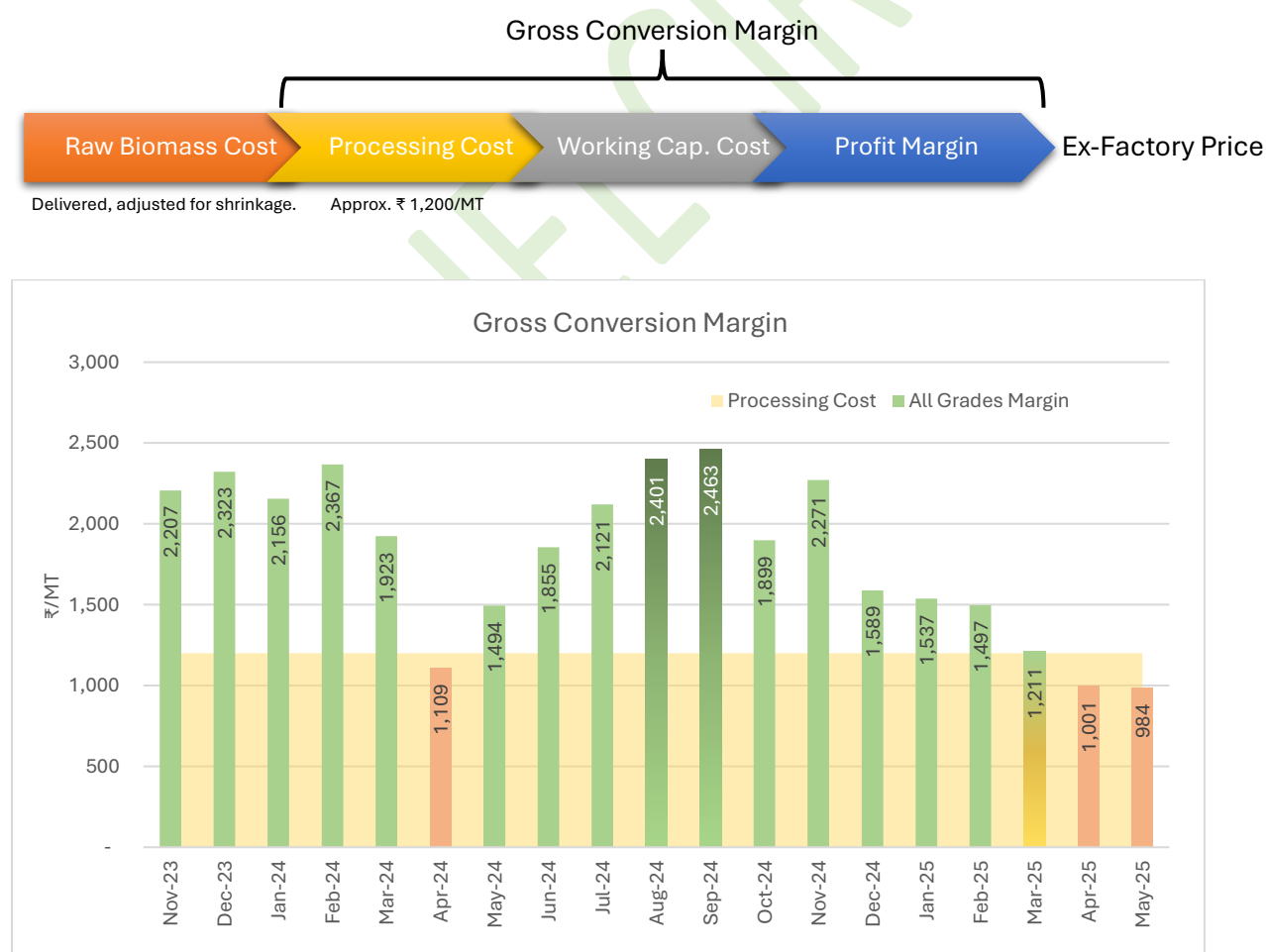
The outlook for international coal prices in the next 4 to 5 months (corresponding to the Indian monsoon) indicates a softening in prices. The International Energy Agency (IEA) projects global coal demand to remain broadly flat in 2025, with a slight decline of 0.3% to 8,714 million tonnes. This is largely due to the growth in renewable sources of power generation offsetting the rising demand for electricity.

We see the Coal vs Briquette spread compressing further in June 2025, with a possible reversal in July.

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) for briquettes overall stayed in a difficult zone in May 2025, falling just below ₹1,000 per MT. This is not a significant change from the previous month. Once

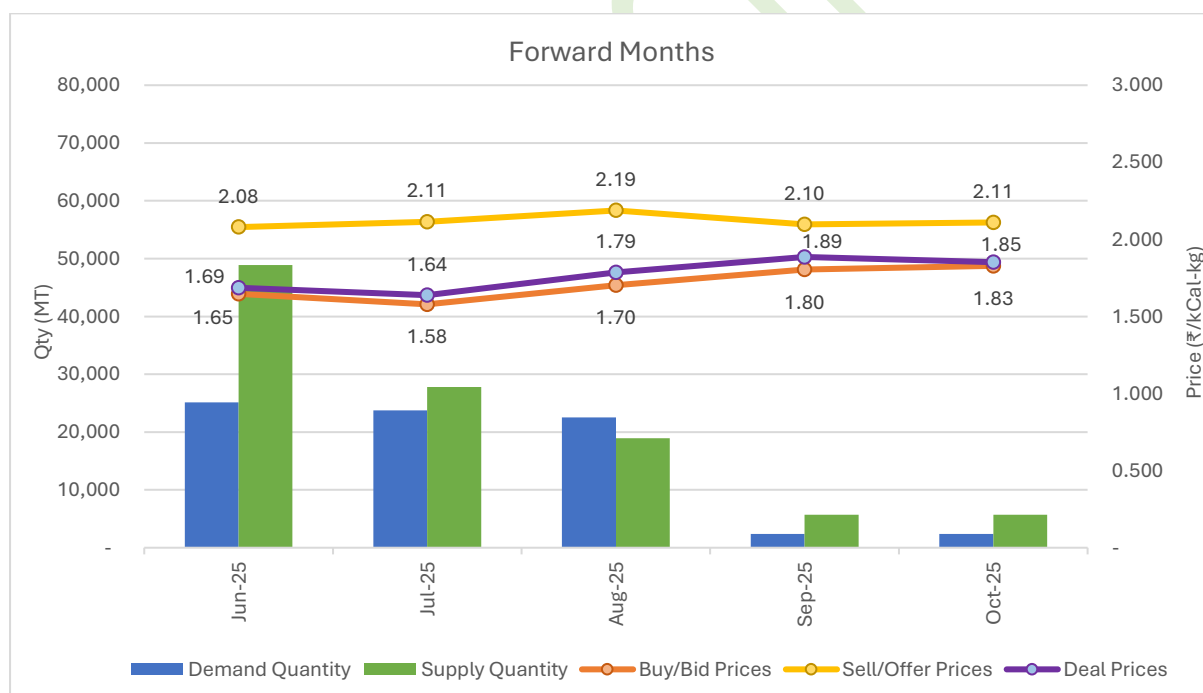
again, in this month, the culprit was the price of Superior grades, but of raw materials and not briquettes.

The average prices of feedstock for Superior grades (such as mustard husk) were higher by almost ₹200 ~ 210 per MT in the month of May as compared to April. It did not help that in May, the prices of Superior briquettes hardly moved up by ₹70 per MT. Manufacturers of Standard and Premium grades fared relatively better. GCM for Premium briquettes in May 2025 was a respectable ₹1,400 ~ 1,500 per MT due to a fall in corresponding feedstock price combined with a nearly unchanged price for finished goods. And manufacturers of Standard also got GCM in the range of ₹1,200 ~ 1,400 per MT.

Thus overall, the squeeze on Superior briquettes dragged down the combined GCM for all grades to just about 16% of the average landed cost. The recovery that was expected in May has been delayed by a month. These levels are not sustainable for long, and a relief looks all but certain in the coming month.

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 curves seen in the month of May were not significantly different from those in the previous month. Buyers are willing to up their Bid prices from Aug 2025 onwards, going from ₹1.70 per kCal-kg to as high as ₹1.83 at the back end in Oct. Jul 2025 continues to stick out, with a lower-than-average Buyer expectation of ₹1.58, and a corresponding average deal price of ₹1.64 per kCal-kg. Newer deals for Jul delivery (that were concluded in May) have pulled up the average for the same period, but the value is still lower than Jun.

As expected, Sellers remained in a predictable band between ₹2.08 for the near month to ₹2.19 for Aug 2025 delivery. The deal prices for delivery in the forward months have pulled away marginally from the levels sought by Buyers – this spread (between Deal prices and Bid prices) in forward prices, can be used as a leading indicator to understand Buyer sentiment. A willingness to close higher, is a sign of Buyers keen to secure supplies for the monsoon. But it is too early to call this trend because deal volumes are low.

The platform saw an oversupply for the near delivery month of Jun 2025. Beyond that Suppliers retreated, unwilling to offer. At the same time, Buyers are also restricting their purchases to two to three months ahead from the spot or current month.

The Bid-Ask spread (between Buyer & Seller expectations) widened from about 40 paise for Jun 2025, to around 50 paise for July and Aug, before contracting back to 30 paise. Last month we called a 40 paise spread as the new normal during the monsoon – we will track how this plays out.

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	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25
Standard (GCV< 3400, Ash >12%)	1.42	1.44	1.45	1.42	1.43
Superior (GCV~3400 to 3800, Ash~8 to 12%)	1.46	1.46	1.47	1.44	1.39
Premium (GCV > 3800, Ash < 8%)	1.93	1.92	1.92	1.94	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

At ₹1.71 per kCal-kg on weighted average, briquettes were attractively priced in May 2025. But the downward trend of briquette prices seems to have been arrested. The uptick is marginal, and a change in direction will be established as the commodity mix changes. We expect Premium

briquettes to gain market share at the cost of Standard briquettes. The key price indicator to watch in June and July will be Superior briquettes.

The Coal vs Briquette spread compressed but held out in favour of Briquettes at ₹0.08 per kCal/kg. But with a falling coal price, inversion of this spread could be just round the corner. We do not expect coal to bounce back significantly for the rest of the year.

Superior briquette manufacturers had a tough May 2025, but manufacturers of other grades saw relief come their way, with relatively better Gross Conversion margin as compared to April. Overall, a GCM below ₹1,000 per MT in May 2025 meant on average, manufacturers scrambling to cover costs. A revival in GCM in June and going into July should be expected.

An unchanged shape of the forward curve but a breaking away of Deal prices ever so slightly from Bid prices is yet another flag pointing to a change in direction: from down to up. Forward deal prices for Jun 2025 delivery were held in check by lack of demand – but with early onset of monsoon, this can change quickly. Last month we predicted May as another month of pause – which it did. June is expected signal a change.

May 2025 was the wettest May on record for over a century for many parts of India, with the south-west monsoon arriving earlier than usual. And the progress of monsoon across the country has also been rapid but with some uneven pockets. The India Meteorological Department has forecasted an above-average monsoon (at 106% over long-term average). This does mean that the forecasted, record peak power demand in June may not happen. So, while Coal retreats, briquettes are waiting to make a comeback.

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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