

# BiofuelCircle Market Insights

November 2025

From the Editor's Desk: Monsoon premium is officially over!

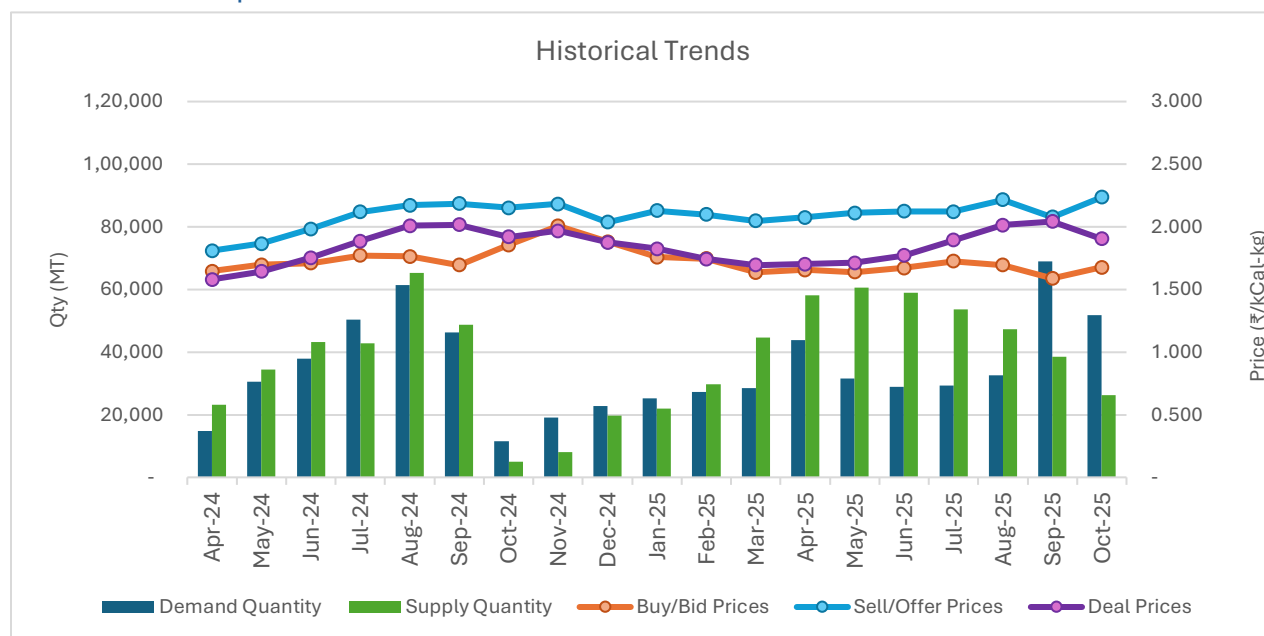
The South-West monsoon closed above normal at 108% of the Long Period Average (LPA), assuring a large surplus of future standard grade biomass feedstock due to increased Kharif sowing area. However, the abundance was compromised by highly uneven rainfall and extreme flooding in key regions (late Aug to early Oct). This late-season excess rain risks localized crop damage and is simultaneously delaying the harvest cycle, creating a mixed market signal despite the overall volume outlook.

As the monsoon premium is officially over! After peaking at over ₹2/kCal-kg in September, the weighted average briquette price finally saw a correction in October. Briquettes spent the last quarter commanding a significant premium over Coal, pushing Coal vs Briquette spread to over .24 paise. Manufacturers saw GCM surge to a year-high, but the party was short-lived: Gross Conversion Margin abruptly collapsed in October, with Standard grades hitting negative margins.

This is the turning point: the South-West Monsoon assures a definitive surplus, yet strategic market posturing persists. Forward Months analysis reveals a fascinating paradox where Buyers are signalling rock-bottom prices, even as actual Deal Prices remain stubbornly high near ₹2/kCal-kg. Who holds the cards in the crucial December-January trade window? And how deep will the GCM crisis cut into winter capacity?

To know more, keep reading.

## Past Trends: Briquette Prices



The weighted average price of Briquettes continued its significant upward momentum through the monsoon months, starting at ₹1.895/kCal-kg in July 2025, climbing to ₹2.015/kCal-kg in August, and peaking at ₹2.042/kCal-kg in September. The price subsequently corrected, falling to ₹1.905/kCal-kg in October 2025.

This trend towards higher prices was heavily influenced by a major shift in the underlying Demand vs. Supply balance. Following robust supply through June, the classic monsoon constraint on material availability set in from July, putting upward pressure on prices. The resulting market deficit peaked in September, when Demand nearly doubled while Supply dropped to half, directly pushing prices to their highest point. Sellers quickly capitalized, adjusting their Sell/Offer Prices upward from ₹2.122 in July to a high of ₹2.236 in October. Buyers, however, resisted this increase, keeping Buy/Bid Prices generally stable in the ₹1.67 to ₹1.72 range.

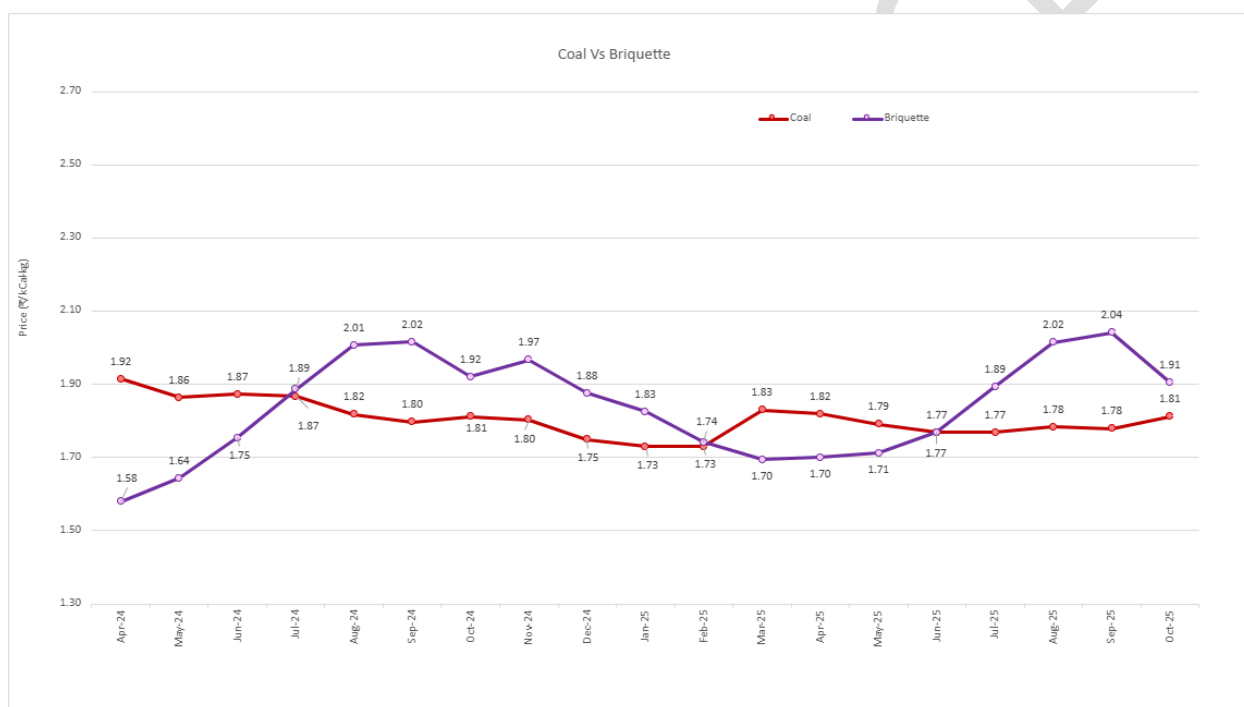
This divergence caused the Bid-Ask Spread to widen significantly, indicating strong Seller conviction amidst high market uncertainty. Crucially, deals consistently closed far closer to Seller expectations; for instance, the August Deal Price of ₹2.015 was .32 paise above the Buyer's bid (₹1.695), demonstrating Buyers' increased willingness to compromise to secure supply, marking a clear reversal from earlier trends.

The market saw a significant adjustment in October. The Deal Price dropped sharply by 13.7 paise to ₹1.905/kCal-kg. This price correction occurred despite the Demand/Supply

balance remaining tight. The drop in the Deal Price, even with low supply, suggests that the peak price resistance was reached in September. This shift signals that Buyers began aggressively negotiating or were simply choosing to wait out the period in anticipation of forthcoming Kharif harvest feedstock becoming available.

### 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 Coal vs Briquette spread firmly reversed in July 2025, with the weighted average price of briquettes rising sharply to ₹1.89/kCal-kg compared to Coal's steady price of ₹1.77/kCal-kg. This marked the point where briquettes became consistently more expensive than imported comparable coal for the first time since the flip in June 2025.

In August and September, the weighted average briquette price continued its upward trajectory, reaching ₹2.02/kCal-kg and ₹2.04/kCal-kg, respectively, putting it well above

the coal price, which remained stable at ₹1.78/kCal-kg during both months. This led to a significant spread of .24 to .26 paise in favor of coal during the peak monsoon period.

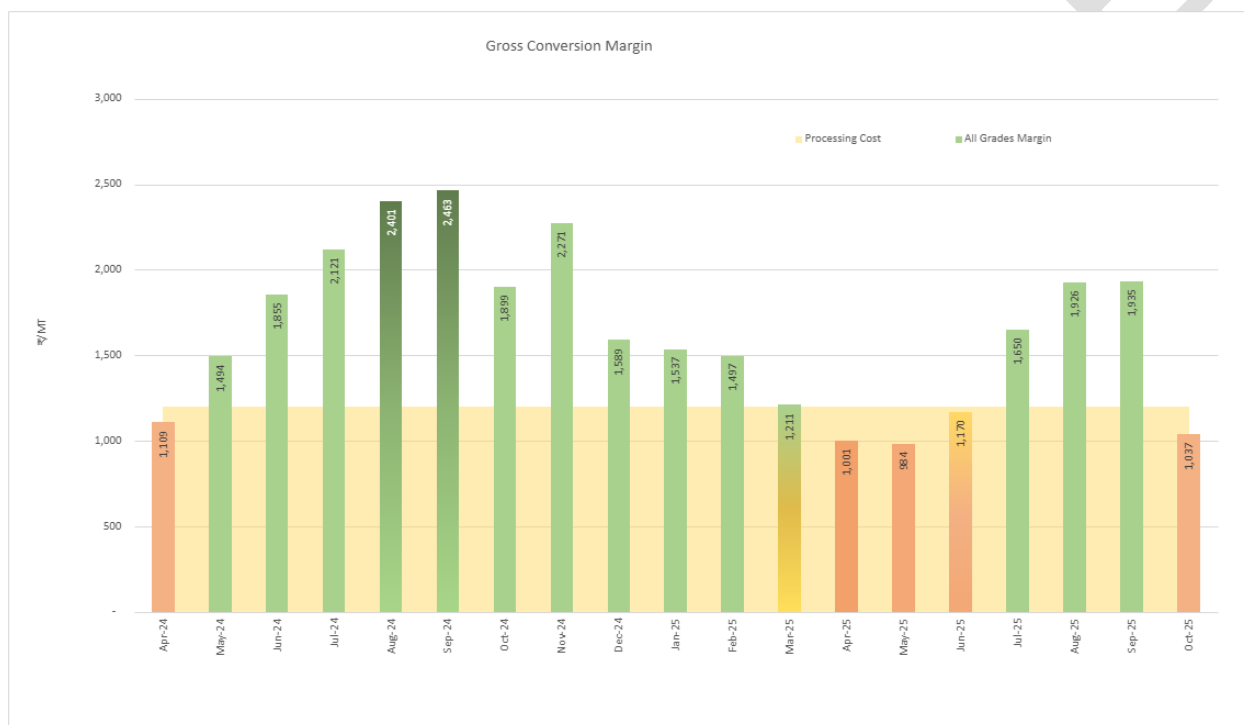
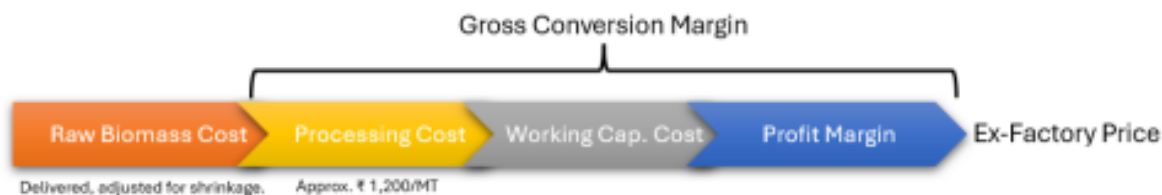
The upward trend for briquettes seems to have stabilized heading into October. Briquette prices saw a correction, falling to ₹1.91/kCal-kg, while the price of imported 3400 GAR coal nudged up to ₹1.81/kCal-kg. This still leaves briquettes more expensive by .10 paise/kCal-kg, indicating the market continues to factor in monsoon-related supply constraints.

We expect the price of imported 3400 GAR coal into west coast India to remain in the ₹1.75 to ₹1.85 per kCal-kg band for the coming months. As the monsoon recedes and kharif harvest feedstock become available in late October/November, the price pressure on briquettes should ease. We anticipate the spread will narrow significantly through November and December.

### 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 GCM, experienced a sharp correction from the resilient levels of the late monsoon. As the cumulative margin surged to a high of ₹1,935/MT in September 2025 (26% margin) but dropped precipitously to ₹1,037/MT in October (15% margin), placing it squarely back *below* the processing cost benchmark. This reversal followed a strong three-month recovery (Jul-Sep) that successfully reversed the low of May 2025 (₹984/MT). This collapse signals that the high briquette prices realized during the monsoon did not hold against the initial arrival of new feedstock, squeezing manufacturer profitability instantly.

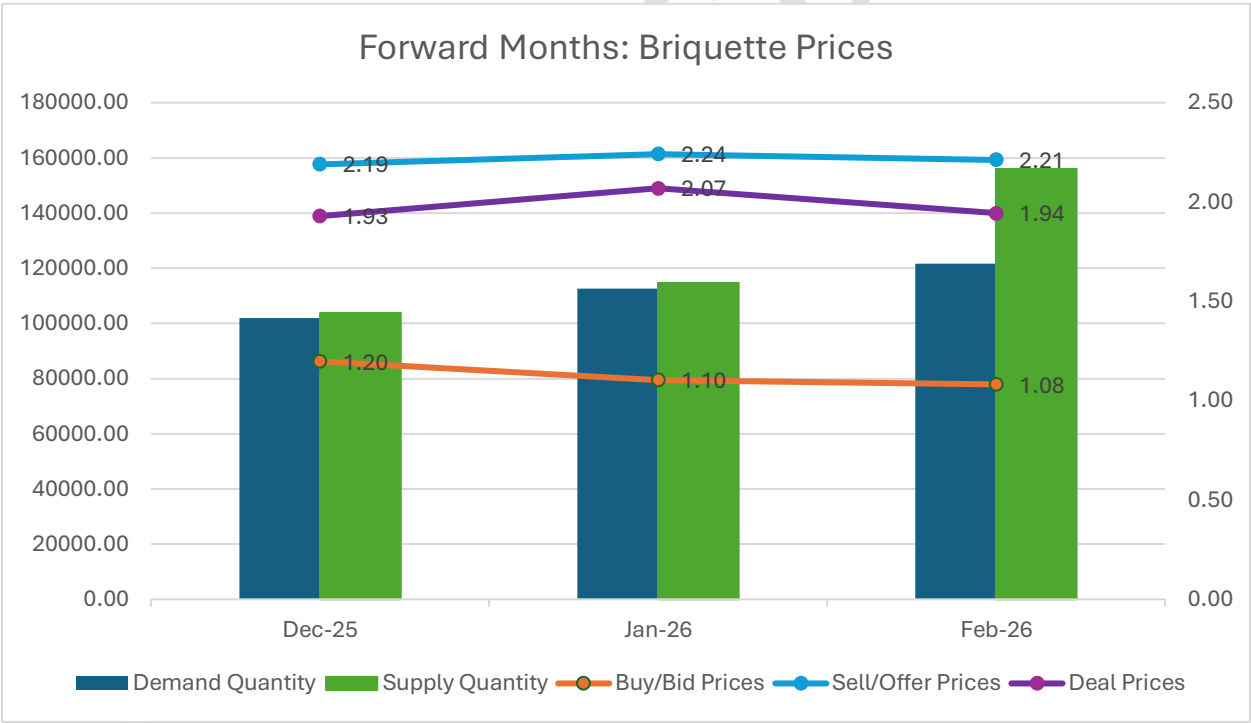
The three different standards of briquettes grades reveals the specific pressure points for manufacturers. Standard (3200 GCV) GCM saw the most dramatic reversal, plummeting from ₹439/MT in August to go lower in September and October, confirming that feedstock availability post-monsoon immediately eroded margins for this grade. Similarly, Superior (3400 GCV) GCM, despite an August peak of ₹1,432/MT, dropped to just ₹1,080/MT in

September and rebounded slightly to ₹1,311/MT in October. The volatility confirms that as prices stabilize, the lower-grade margins are the first to be compromised, often falling below the processing cost line for sustained periods.

In contrast, Premium (3800 GCV) GCM demonstrated significantly greater resilience and volatility, driven by feedstock costs and higher selling prices. This margin jumped from ₹900/MT in July to a high of ₹1,806/MT in October, bucking the overall market decline. This indicates that while the weighted average was dragged down by the Standard and Superior grades, the scarcity and demand for high-quality, weather-protected feedstock continue to support a strong GCM for Premium manufacturers, positioning them favorably to sustain profitability through the seasonal price shifts.

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 market for briquettes, particularly the Deal Price curve, remains elevated, hovering consistently near the psychological ₹2/kCal-kg mark across the forward months (Dec-25 to Feb-26). Deal Prices registered ₹1.93/kCal-kg in December and peaked at ₹2.07/kCal-kg in January 2026, demonstrating continued strong pricing and Buyer

willingness to close at high levels to secure winter supply. This strong pricing is starkly contrasted by the underlying Buy/Bid Price curve, where Buyers are indicating sharply lower prices, collapsing from ₹1.20/kCal-kg in December to a low of ₹1.08/kCal-kg in February. This divergence signals that the published Bid Prices are largely strategic posturing, while the actual negotiated Deal Prices reflect the true premium demanded by Sellers.

The Supply/Demand balance shifts dramatically over the coming quarter, largely driven by the anticipated arrival of new feedstock. As November has shown a severe Supply deficit, supporting the current high Deal Price. However, Supply is forecasted to rebound sharply in December and January, eventually overtaking Demand in February 2026, where a projected surplus of 34,106 MT will undoubtedly introduce downward pressure on prices.

The Sell/Offer curve shows strong but less erratic pricing than previously reported, holding between ₹2.19/kCal-kg and ₹2.24/kCal-kg across all three forward months. This relatively firm range, combined with the collapse of the Buy/Bid Price, generates an extremely wide and unpredictable Bid-Ask Spread. The consistent high level of the Deal Price, even amidst large anticipated volumes in late December/January, suggests Sellers are currently successful in negotiating high-value long-term contracts outside the narrow confines of the stated low Bid levels.

## In Conclusion

Briquette prices have successfully broken out of the price slump, reaching a peak weighted average of ₹2.042/kCal-kg in September 2025, primarily driven by the classic monsoon constraint on supply. The subsequent drop to ₹1.905/kCal-kg in October suggests the market has hit near-term price resistance, but availability remains tight. This volatility was acutely felt in profitability: the Gross Conversion Margin (GCM) saw a rapid collapse in October, falling to ₹1,037/MT, placing the average margin back below the ₹1,200/MT processing cost benchmark. This collapse was largely due to the way lower margins for the Standard grade, underscoring immediate market sensitivity to initial feedstock availability, while only Premium briquettes maintain GCM resilience.

The Coal vs Briquette spread decisively reversed, with briquettes commanding a .24 to .26 paise premium over stable coal prices during the peak monsoon. Looking ahead, despite the South-West Monsoon assuring an eventual surplus of biomass, the forward price curve remains highly indicative of continued supply pressure. Deal Prices consistently hover near the ₹2/kCal-kg mark through February 2026, peaking at ₹2.07/kCal-kg in January, demonstrating Buyer willingness to pay a premium for supply stability. This continued high

Deal Price, however, is starkly contrasted by strategic low Buy/Bid prices and stable, higher Sell/Offer ranges (₹2.15 to ₹2.24/kCal-kg), maintaining a wide and volatile Bid-Ask spread.

This strong demand in the forward market confirms that securing supply through the winter is costly. For Sellers, the current dip remains a critical window to sell off high-cost inventory before the projected definitive Supply surplus begins in February 2026, when the Supply volume is expected to overtake Demand significantly. For Buyers, the consistently elevated Deal Prices, despite low advertised Bids, confirm that guaranteeing long-term contracts requires accepting the current premium, thereby securing stability through the crucial post-monsoon transition period.

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.

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