From the Editor's Desk: A Market at the Point of Strategic Realignment

March 2026 marks a defining moment for the biomass briquette market, one that reflects both resilience and transformation. Despite a significant rise in platform supply to 89,750 MT against demand of 53,173 MT, prices have demonstrated remarkable stability, with deal values holding near ₹1.961 per kCal-kg. This stability, despite higher availability, points to a pricing environment that remains anchored, with transactions continuing to settle within the upper range of negotiated outcomes.

Alongside this, the underlying economics are shifting in a different direction. Gross Conversion Margins have moved back to ₹2,600 per MT, indicating that improvements in input-side conditions have not yet translated into lower realised prices. At the same time, the relative positioning between coal and briquettes has changed, with coal prices moving higher to around ₹2.15 per kCal-kg while briquette prices remain largely unchanged. This has altered the comparative economics between the two fuels, without immediately changing how demand is realised.

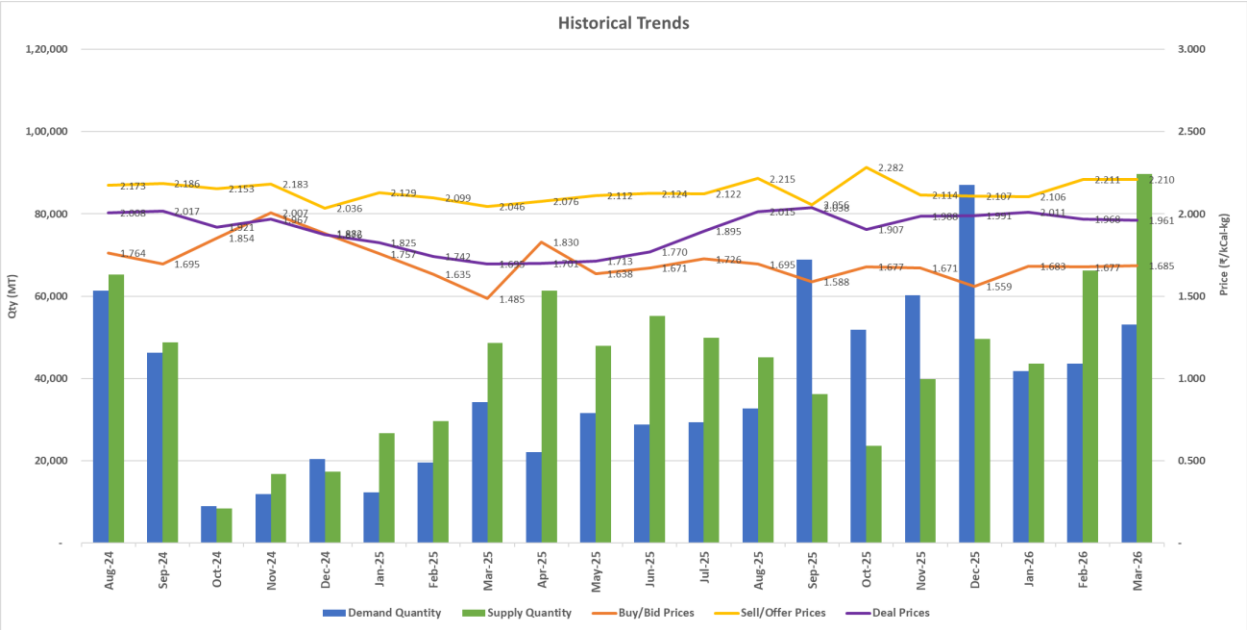
Taken together, these signals do not point to a straightforward correction. They reflect a market where availability, pricing, and cost structures are adjusting at different speeds, creating a phase where outcomes are being determined through negotiation rather than direction. The sections that follow examine how these dynamics are playing out across pricing behaviour, margin trends, and fuel comparison.

To know more, read on.

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. The 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 for the month, and Supply (green bars) is the total quantity offered by Sellers for that month.



This month reflects a decisive expansion in activity on the platform. Supply rose significantly to 89,750 MT, surpassing demand of 53,173 MT. While these figures represent platform data and provide a directional view of broader market dynamics, they indicate increased availability as the financial year drew to a close.

Prices have demonstrated notable resilience. The weighted average deal price softened only marginally to ₹1.961 per kCal-kg, compared to ₹1.969 in February and ₹2.011 in January, indicating stabilization rather than correction. This limited fluctuation is closely aligned with seasonal dynamics, as February and March coincide with the peak harvesting period across several agricultural regions in India. The resulting improvement in biomass availability typically moderates volatility and stabilizes market sentiment. The data reflects this pattern clearly, with prices remaining within a narrow band across the three months. Buyer bids edged upward from ₹1.677 in February to ₹1.685 in March, signalling sustained procurement intent, while seller offers moderated slightly from ₹2.230 to ₹2.210, reflecting cautious adjustments rather than aggressive discounting.

The persistence of a wide gap between bids and offers continues to define how transactions are being concluded. In March, the deal price at ₹1.961 remains materially closer to the seller side of the range than to buyer bids, indicating that sellers continue to anchor realised pricing. Even as availability has increased on the platform, transactions are not clearing near bid levels, and buyers

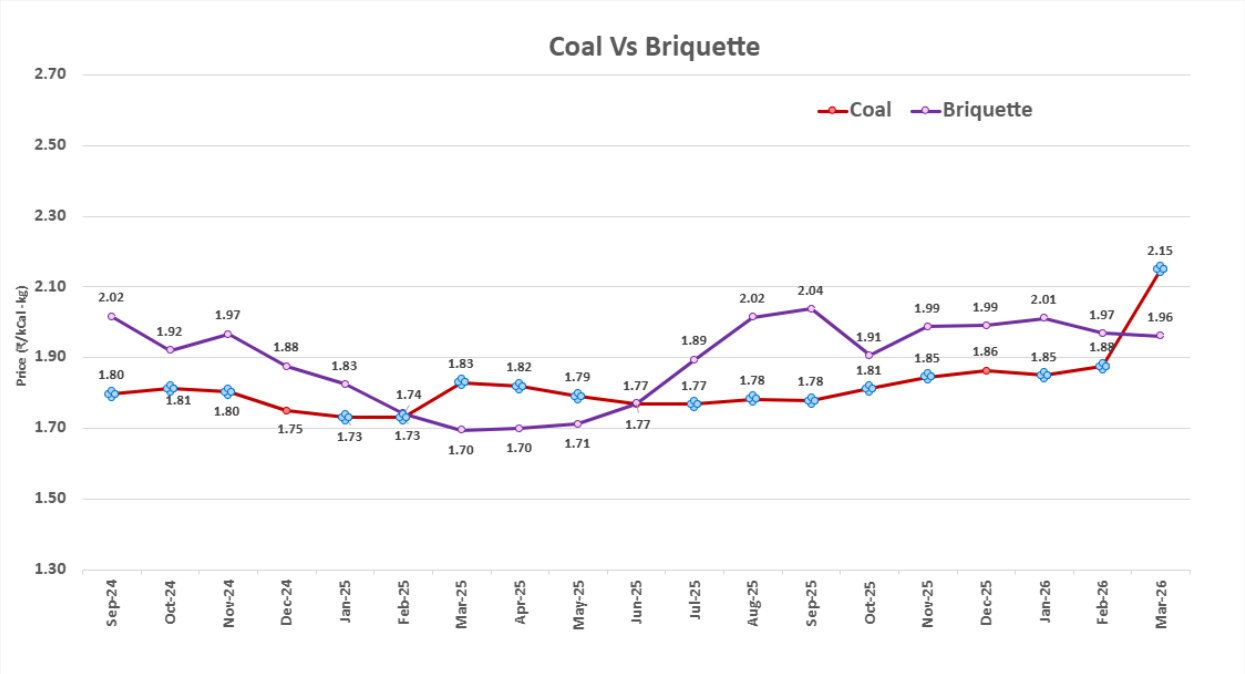
are still moving upward within the spread to secure volumes. From a pricing standpoint, this reflects continued seller-side strength in how deals are being closed, rather than a shift in control toward buyers.

At the same time, the seasonal context is critical to understanding what has not yet happened. February and March are peak harvesting months, and the increase in availability during this phase is expected. However, despite this, realised prices have remained largely unchanged across January, February, and March. This indicates that while supply visibility has improved, sellers have not materially adjusted price expectations to clear higher volumes.

This creates an underlying tension in the market. As the harvest cycle progresses, buyers are aware that availability is increasing and that additional supply will continue to enter the system. This awareness does not immediately translate into lower prices, but it does influence negotiation behaviour. If volumes continue to build without a corresponding increase in offtake, the pressure to move inventory will gradually shift toward sellers.

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 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 gap between the two fuels has effectively closed, but not in the way a typical cycle would suggest. Coal prices have risen sharply to approximately ₹2.15/kCal-kg, while briquette deal prices have remained around ₹1.96. What was a premium of nearly 16 paise in January and 9 paise in February has now flipped, with briquettes trading at a clear discount to coal.

The movement in coal prices during March is far from routine. While tightening seaborne supply and sustained demand from Asian markets have contributed to firm pricing, the magnitude of the increase points toward broader geopolitical and macroeconomic pressures. Escalating tensions involving the United States, Iran, and the wider Middle East have heightened uncertainty across global energy markets, particularly around critical maritime routes such as the Strait of Hormuz. These developments have driven volatility in crude oil and freight markets, increasing transportation and insurance costs for energy commodities worldwide.

In parallel, evolving export policies in key supplier nations such as Indonesia have supported elevated seaborne coal prices. Together, these factors have pushed imported coal prices to approximately ₹2.15 per kCal-kg in March, significantly higher than typical seasonal increases observed in previous cycles, thereby strengthening the relative economic positioning of briquettes.

When this is viewed alongside the historical trend visible in the chart, a familiar pattern begins to emerge. In early 2025, a similar convergence led to a phase where briquettes moved below coal pricing. That phase created a clear economic advantage for biomass, independent of regulatory or sustainability considerations.

March 2026 appears to be approaching that same structural point, but with a higher coal baseline. The implication of this is significant. As long as briquettes trade at a premium, they carry substitution risk. Once they move below coal, that constraint disappears. At parity or discount, biomass becomes the economically rational choice, not just a mandated one.

This is where the direction of the market begins to change. However, the current inversion should not be interpreted as an immediate shift in demand. While briquettes are now priced below coal, fuel consumption patterns across industries are not driven by short-term price movements alone. A significant portion of industrial demand remains tied to coal-based systems, and even in co-firing setups, adjustments in fuel mix require operational flexibility and time. In this context, the current pricing primarily reduces the relative disadvantage of biomass rather than directly increasing offtake. If this spread sustains over a longer duration, it can begin to influence procurement decisions more meaningfully.

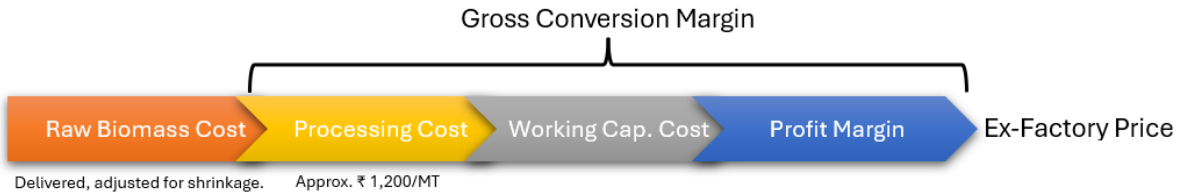
There is also a seasonal layer to this dynamic. As the market moves toward the monsoon months, biomass availability typically tightens due to the lack of raw material availability, while coal supply chains remain relatively stable. In past cycles, this has allowed briquette prices to strengthen again after the initial harvest-driven softening. If the current inversion holds into the pre-monsoon period,

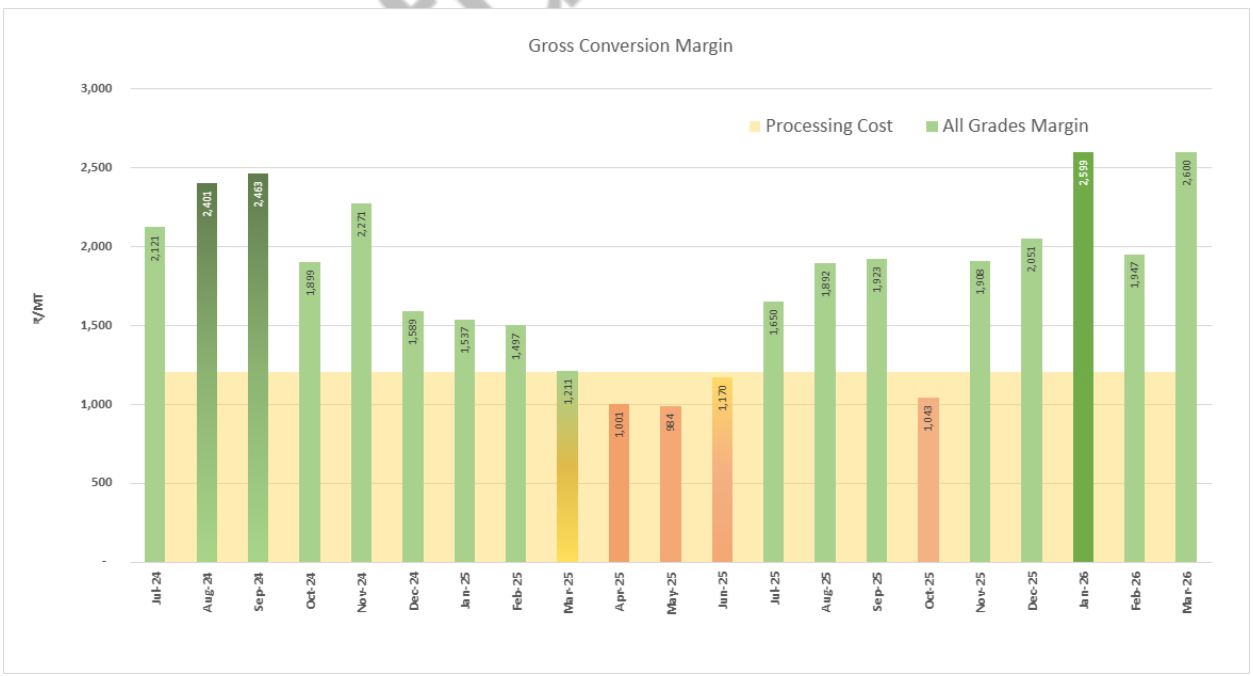
it creates a setup where demand strengthens first due to price advantage and supply tightens later due to seasonality. That combination has historically supported a stronger pricing environment for biomass as the monsoon progresses.

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.





March 2026 marks a sharp return to elevated margin levels, with GCM rising to ₹2,600/MT, up from ₹1,947/MT in February. This effectively brings margins back to, and slightly above, the levels seen in January (₹2,599/MT), reversing the brief moderation observed in February.

This movement needs to be understood in the context of how input costs and realised prices are adjusting relative to each other. While increased biomass availability during the harvest period is expected to ease raw material costs, finished goods prices have remained largely stable over the same period. As a result, margins have expanded again. This indicates that the benefit of improved availability is currently being retained within the system rather than being passed through into lower realised prices. The alignment between input costs and finished fuel pricing therefore remains incomplete at this stage.

When viewed against the processing benchmark, current margins remain more than double the base processing cost. This continues to reflect a highly favourable operating environment for manufacturers, even as the broader market narrative suggests a transition phase.

Looking at the historical pattern from early 2025, margins had declined sharply post-January, falling to ₹1,497 in February and ₹1,211 in March. The expectation of a similar trajectory in 2026 is not yet visible in the data. Instead of a smooth correction, the market is showing volatility, with a dip followed by a sharp recovery.

This suggests that the margin cycle is not following a linear path. Rather than an immediate compression driven by supply expansion, margins are being supported by sustained pricing strength and possibly delayed adjustment in input costs. The implication is that the “normalisation phase” may take longer to materialise than previously anticipated.

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.

April shows a continuation of strong activity, with both demand and supply remaining elevated and nearly balanced. Deal prices are indicated around ₹1.96/kCal-kg, broadly in line with March levels. This suggests that the transition into the new fiscal year has not immediately altered pricing outcomes, despite higher supply visibility.

Moving into May and June, the structure begins to change. Supply volumes on the platform appear to reduce relative to demand. At the same time, seller offers continue to trend upward, reaching around ₹2.27–₹2.33, while buyer bids show downward pressure.

This divergence is important. It reflects a widening expectation gap between buyers and sellers in forward positions. Sellers appear to be holding firm, or even strengthening expectations for future months, while buyers are becoming more conservative in their forward commitments.

The resulting structure is not one of clear price direction, but of increasing negotiation complexity. Deal prices remain within a relatively narrow band, moving from ₹1.96 in April to around ₹2.09 in June and ₹2.02 in July, indicating that despite diverging expectations, transactions are still occurring within a defined range.

When aligned with the Coal vs Briquette dynamics, the forward outlook becomes more layered. As biomass moves into a position of relative price advantage against coal, demand-side support may increase. At the same time, if supply participation becomes more selective in forward months, the availability seen on the platform may not fully translate into immediate market liquidity.

This combination does not point toward a sharp directional shift. Instead, it suggests a market that is transitioning into a tighter, more strategically negotiated phase, where price movement is influenced not just by supply visibility, but by timing, positioning, and relative fuel economics.

In Conclusion

The data signals a market in transition, where visible shifts in platform activity provide directional insights rather than definitive conclusions. Instead of pointing to a decisive correction, the data suggests a phase of recalibration, where participants are adjusting expectations in response to seasonal factors, fuel economics, and procurement cycles.

At the same time, structural indicators across pricing, margins, and fuel competitiveness offer deeper clarity. Deal prices have remained resilient despite increased availability, Gross Conversion Margins have rebounded to elevated levels, and the narrowing, now inverted, spread between coal and briquettes has enhanced the economic attractiveness of biomass. Together, these signals indicate that the market is not weakening, but evolving into a more negotiated and strategically driven environment, shaped by cost competitiveness and industrial demand dynamics rather than short-term fluctuations on any single platform.

As the new fiscal year unfolds, the interplay between harvest-driven supply, coal price movements, and seasonal patterns such as pre-monsoon stocking will determine the trajectory of the coming quarter. Whether this phase leads to consolidation or renewed momentum will depend on how these forces align. What remains clear is that the biomass market is entering a critical inflection point, one that will shape procurement strategies and pricing trends in the months ahead.

If you are a Briquette/ Pellet manufacturer, and want to know how these trends could 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 these trends can help you to achieve price predictability and stability.

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