

BiofuelCircle Market Insights

May 2026

From the Editor's Desk: A Market Holding Its Pricing Ground

Deal prices moved back up to ₹1.983/kCal-kg from ₹1.901 in March, seller offers rose sharply to ₹2.327, and buyer bids stayed near ₹1.688. The more important signal is where transactions cleared, realized deals continued to settle closer to buyer bids than seller asks, which tells us the market remained anchored in negotiation rather than in a one-way price move.

The same discipline is visible in conversion economics. Gross Conversion Margin moderated only marginally to ₹2,521/MT and continues to remain substantially above the benchmark processing cost. In practical terms, this means the expected harvest-season easing in raw biomass availability has not yet translated into a broad compression in finished briquette realizations. The market has absorbed higher biomass visibility without surrendering pricing structure.

Relative fuel economics have also shifted meaningfully over the last two months. Imported coal prices remained elevated through April, while briquette deal prices held comparatively stable near ₹1.98/kCal-kg. That has improved biomass competitiveness on a delivered energy basis, particularly for industries already operating with fuel-flexible systems.

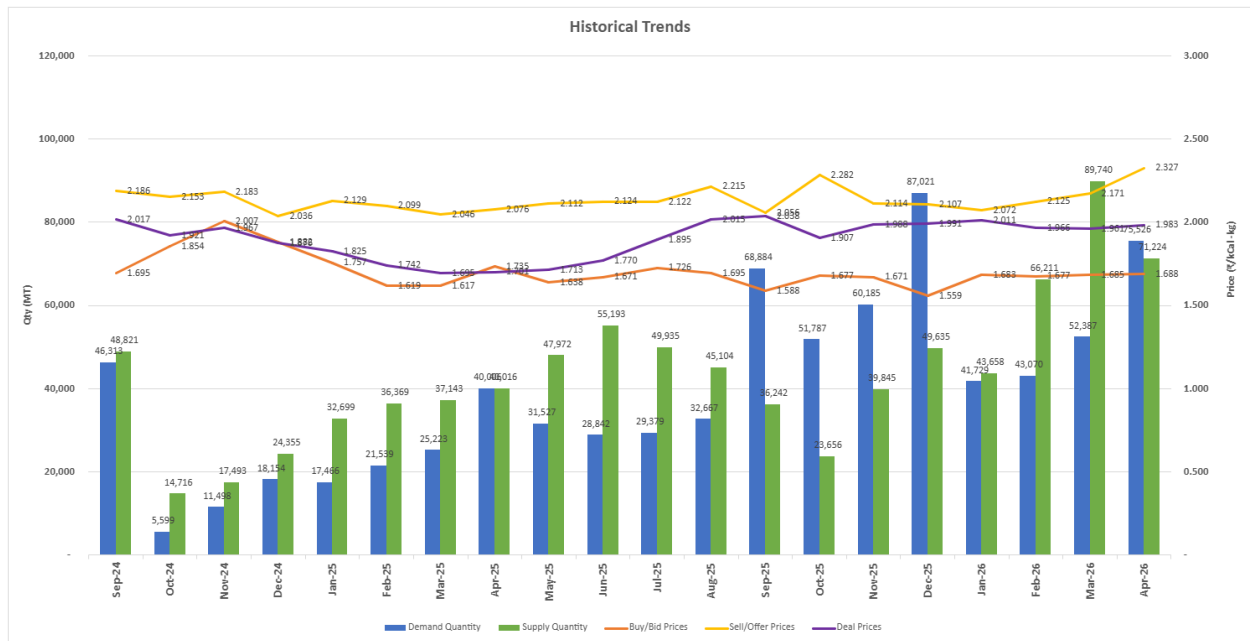
The forward curve extends that message into the coming months. Later months continue to carry firmer expectations, and the spread between bids and offers remains wide. April therefore reads less like a correction month and more like a market that is still working through its next balance point, with pricing discipline, conversion economics, and relative fuel competitiveness all still in play.

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.



April 2026 marks a clear shift in the cycle. Demand rose sharply to 75,526 MT from 52,387 MT in March, while supply stood at 71,224 MT after the very high March reading of 89,750 MT. The trend becomes more meaningful when viewed alongside seller behaviour during April. After the high supply visibility seen in March, the market appears to have entered April with suppliers more willing to clear inventory and convert stock into cash ahead of the incoming monsoon-season raw material cycle. What matters more is how pricing behaved alongside them. Deal prices recovered to ₹1.983/kCal-kg in April from ₹1.901 in March, while seller offers moved up sharply to ₹2.327. Buyer bids, by contrast, remained almost flat at ₹1.688.

The key observation is where the realized deal sits inside the spread. April's deal price is still closer to buyer bids than to seller offers, even after the upward reset in offers. That tells us the market is not clearing at the top of the band. Sellers may be holding firm on asks, but realized pricing is still being discovered nearer the lower end of the negotiation range. For buyers, the current spread and the fact that deals are settling closer to buyer expectations than seller asks suggest that negotiating leverage has improved in the short term, with the market trending more bearish as sellers close at lower levels to keep inventory moving.

That makes April different from a clean correction month. The market did not soften meaningfully after the harvest-heavy months, but it also did not move decisively toward seller offers. Instead, it settled into a wider negotiation range where realized prices remained supported, yet still required movement from buyers to close transactions. In practical terms, the market is behaving like one

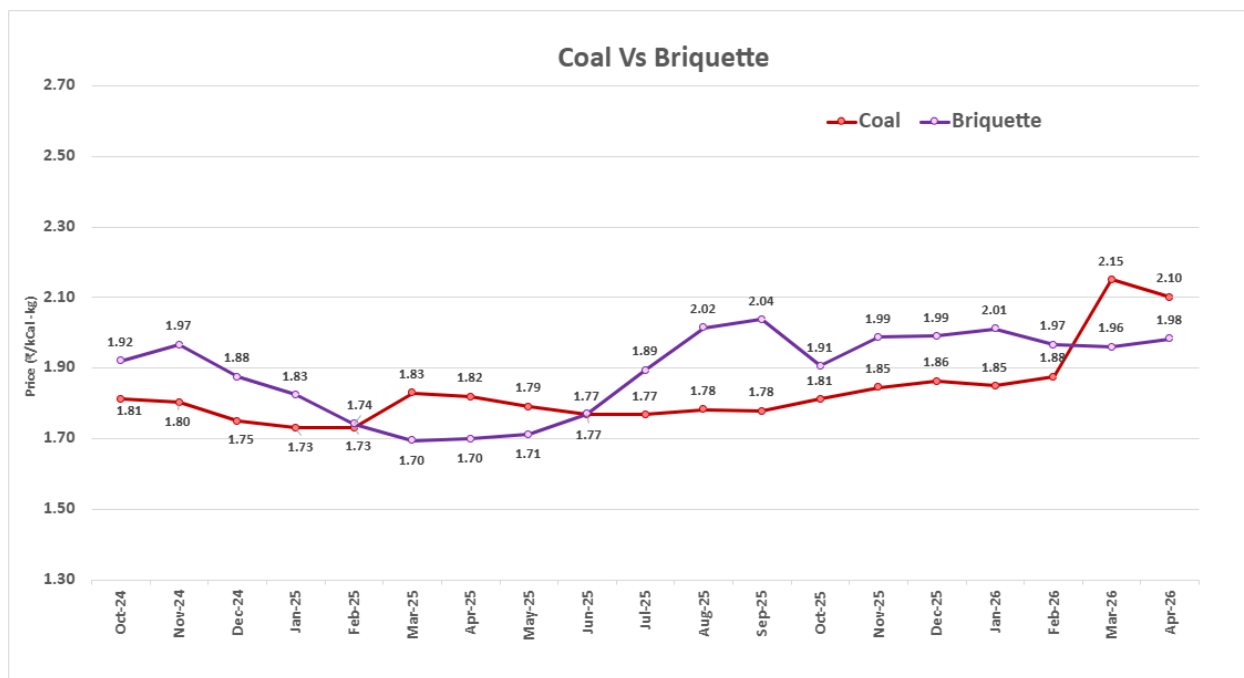
where sellers are defending their price architecture while buyers are still willing to engage, but not chase aggressively.

Seasonality remains relevant, but it should not be overstated. February and March are the harvest-linked months in this cycle, and the improved biomass movement during that period is visible in the platform data. April shows that this seasonal improvement has not translated into a broad drop in realized prices. In other words, visibility improved, but the market did not immediately reprice to reflect it. That is an important commercial signal for manufacturers and industrial users alike. It suggests that buyer-side leverage has improved, with sellers closing nearer to buyer expectations and accepting lower premiums in order to move inventory.

A comparison with the earlier part of the cycle reinforces that point. January deal prices held above ₹2.00, February softened only modestly, March fell further, and April recovered again. This points to a market still adjusting to seasonal inventory positions and supplier behaviour. The April recovery appears to have been supported by sellers attempting to encash inventory ahead of the monsoon-linked procurement cycle, while still closing deals at lower premiums. Discussions around weather uncertainty and possible El Niño-linked risks may also have contributed to firmer offer expectations, although realized deal prices continued to settle closer to buyer comfort levels.

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.¹ 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.



April keeps the coal-briquette spread in biomass's favour. Coal eased from the March high but remained around ₹2.10/kCal-kg, while briquette deals held near ₹1.98. That leaves biomass cheaper on this chart, but the interpretation needs to stay disciplined. A narrower or inverted spread does not automatically translate into an immediate change in industrial fuel behaviour. It improves competitiveness, but it does not change operating configurations overnight.

The reason coal stayed elevated is tied to the broader imported-fuel environment rather than a single domestic factor. Energy disruption across trading routes, rupee weakness, and continued seaborne supply constraints all kept delivered coal costs firm across April. That environment matters because it raises the benchmark against which biomass is compared, even if it does not immediately alter fuel systems already built around coal. For industrial buyers, this means the relative cost case for biomass has improved materially, but the operational case still depends on equipment, fuel blending capability, and procurement timing.

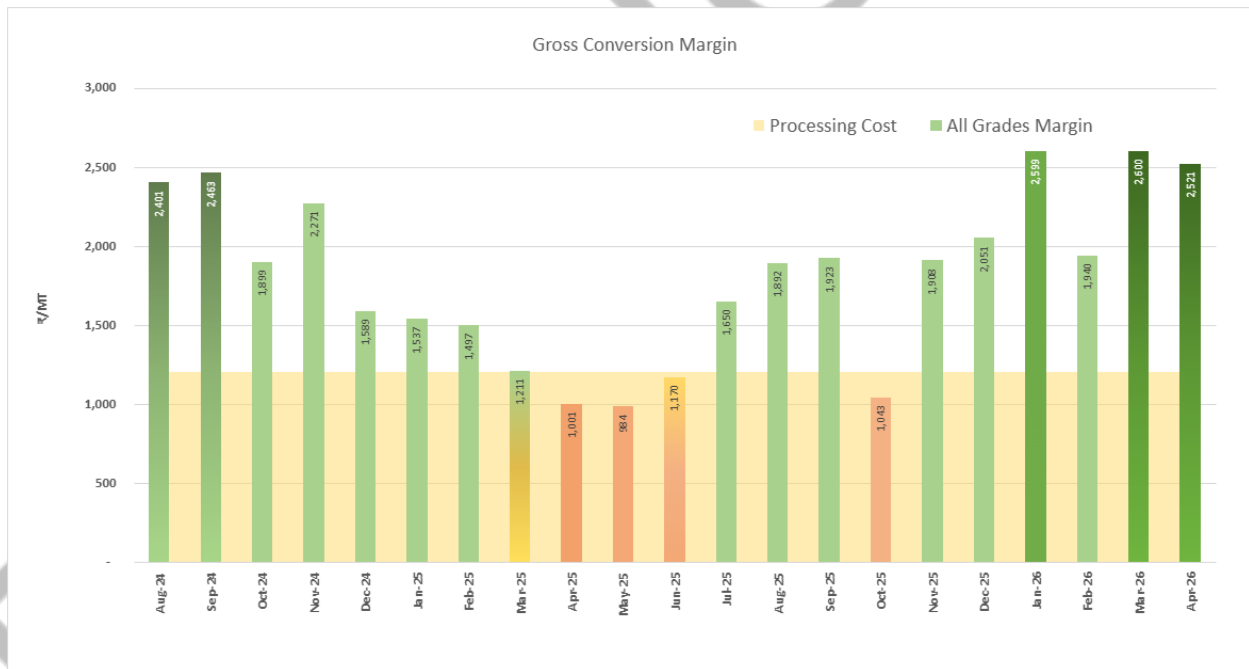
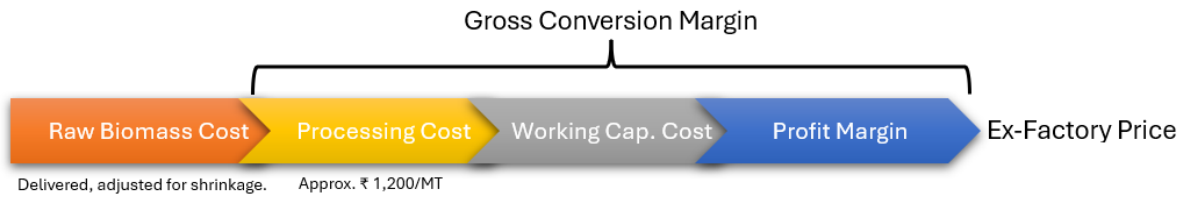
What the April spread does show is a change in relative competitiveness. Briquettes are no longer carrying the premium they held through much of the earlier cycle. That improves biomass's commercial position, especially for users who already have flexibility in fuel mix. But it does not change the fact that substitution happens in steps, not in one month. The current spread makes biomass easier to justify commercially; it does not create instant switch-over.

That distinction is important for decision-makers. The market has moved from biomass being the higher-cost alternative to biomass being the more competitive option on a delivered energy basis. That is a meaningful shift in procurement economics. It reduces the friction around adoption, and it strengthens the case for biomass in portfolios that already have technical room to absorb it.

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.



April shows a small moderation in Gross Conversion Margin to ₹2,521/MT from March's ₹2,600/MT, but the level remains very strong by any historical standard. The more important point is that margins have stayed elevated even after the harvest period improved biomass availability. That tells us something specific about the current cycle. The benefit of improved biomass availability has not yet flowed fully into finished price compression.

For manufacturers, this matters because it preserves operating leverage. Margins remain more than double the benchmark processing cost, which means the system is still allowing substantial spread between raw biomass and finished briquettes. The result is not simply a healthy month, but a continuation of robust conversion economics despite the normal seasonal window that might have been expected to soften returns.

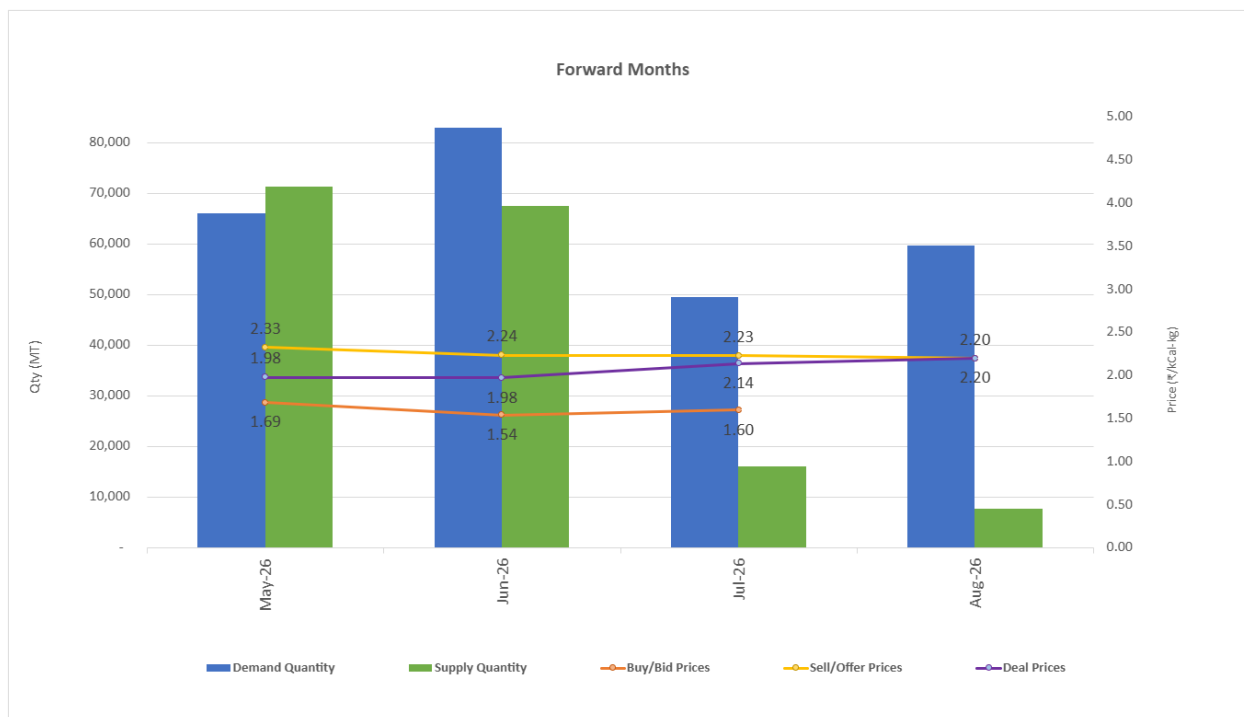
The movement from February to March to April also matters. February was the low point in the current stretch, March rebounded sharply, and April held most of that recovery. This is not a smooth normalization pattern. It is a market where margin pressure has not yet persisted long enough to force a broader reset. The fact that margins remain elevated even after a major improvement in supply visibility suggests that the market continues to reward those with efficient sourcing, disciplined inventory handling, and strong realization capability.

Compared with the same stage of the previous cycle, April also looks firmer. The current series does not show the same kind of compression that emerged once the earlier harvest cycle fully worked through the system. That does not guarantee a repeat in one direction or the other, but it does show that the market has not yet moved into a lower-margin regime. For businesses in the value chain, that means conversion economics remain attractive, but they are being sustained by pricing discipline rather than by a shrinking raw-material base alone.

In practical terms, the data says the gap between raw biomass costs and finished briquette realizations remains wide enough to support healthy conversion economics. The margin cycle has moderated from its peak, but it has not normalized. That is a more strategic read than treating the numbers as a peak or a trough. It is a market that remains profitable, but not complacent.

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 curve continues to show firmness rather than a broad correction. For May and June, deal prices sit around ₹1.98/kCal-kg, with July and August moving higher to ₹2.14 and ₹2.20 respectively. Buyer bids remain below seller offers across the curve, while the negotiated deal line stays closer to realized middle-ground pricing than to either extreme.

That structure matters more than any single month on the curve. The near months do not point to a steep drop, and the later months do not show a return to March-style softness. Instead, the curve suggests a market that is keeping price expectations intact while continuing to negotiate through a wide spread. The persistence of that spread is a sign that the market is still pricing on discipline, not on panic.

The outer months are notable because they carry firmer deal expectations even as visible participation in supply thins out sharply. That does not, by itself, define the wider market, but it does indicate that forward participants are not pricing in a rapid weakening of biomass economics. The curve is not describing a market in retreat. It is describing a market that is holding its ground while the negotiation band remains wide.

Seen alongside the coal comparison, the forward months are consistent with a market that has improved its relative competitiveness. But the chart still does not support the idea of an immediate demand shift. The pricing structure is firmer later in the quarter, and that keeps the forward curve from reading soft. For industrial buyers, that means forward visibility still matters, because the cost advantage of waiting is not obvious when later months hold firm.

In Conclusion

April 2026 closes as a month of firmness, not weakness. Deal prices recovered, margins stayed elevated, and the coal-briquette spread continued to favour biomass on a relative basis. None of those developments should be read in isolation. Together, they show a market that has moved through the harvest phase without the kind of price erosion that might have been expected.

The important detail is where the market is clearing. Realized deals remain below seller offers, but they are still negotiated meaningfully above buyer bids. That keeps the market in a broad but disciplined negotiation range. At the same time, Gross Conversion Margin remains high enough to support strong conversion economics, even after April's slight moderation. For manufacturers, that keeps the operating environment constructive. For industrial users, it keeps biomass commercially relevant.

Coal is part of the story, but only as a relative benchmark. Imported coal remained elevated because the broader energy backdrop was still strained, and that kept briquettes better positioned on price. The result is not an immediate fuel-switch story, but a clearer commercial case for biomass than the market has seen for several months. The implication is practical rather than abstract: biomass now competes more effectively on delivered economics, even if adoption still moves at the speed of industrial operating reality.

The forward curve suggests that this firmness has not yet exhausted itself. Later months still carry stronger pricing expectations, and that keeps the market from looking soft. For briquette manufacturers, industrial biomass users, and boiler operators, the key message is straightforward: April did not break the market structure. It reinforced it. That is a stronger business signal than a one-month price move, because it points to resilience in negotiation, pricing, and margin capture across the value chain.

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.

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 the 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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