

BiofuelCircle Market Insights

October 2026

From the Editor's Desk: Competitive Advantage, Uncertain Outlook

September brought a mixed set of outcomes for the biomass market. Briquette prices continued to edge higher, while buyer bids fell sharply. Imported coal became more expensive, widening the price gap in favour of briquettes. Yet, at the processing level, Gross Conversion Margin fell from its August high. The advantage over coal has grown, but the gains have not been shared evenly across the market.

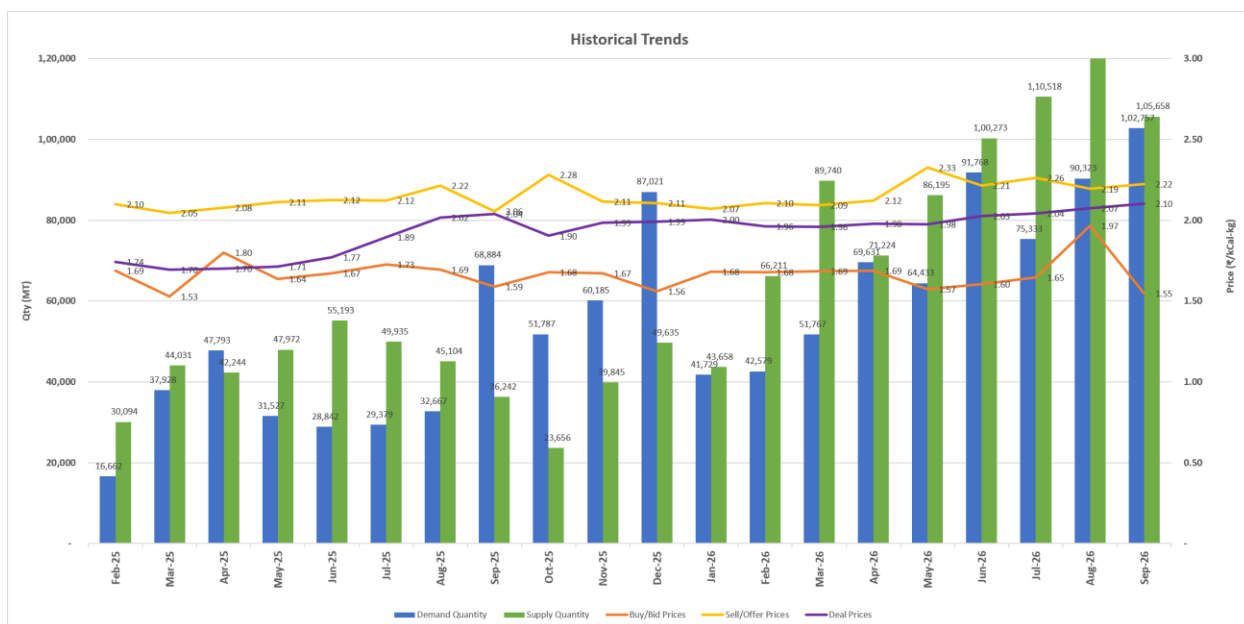
Looking ahead, the picture becomes less straightforward. Deal prices strengthen into November before easing in December, even as seller offers climb sharply for the final month. The gap between what sellers are asking and what buyers are concluding deals at leaves the year-end price outlook uncertain. Firm prices in the near term have not yet been translated into a clear direction for the months beyond.

For now, the market presents both an opportunity and a point of caution. Briquettes are more competitive against imported coal, but processors are facing a correction in margins, and buyers and sellers remain divided on future prices. How these forces play out in the coming months will determine whether the current advantage can be sustained.

To know more, keep reading.

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.



September's most important development was the continued rise in briquette Deal Prices despite a sharp reversal in Buyer Bids. Deal Prices increased for the fifth consecutive month to ₹2.10/kCal-kg, while Buyer Bids fell from ₹1.97 to ₹1.55/kCal-kg. Seller Offers remained broadly unchanged at ₹2.22/kCal-kg. This points to a market where concluded prices retained their upward momentum even as buyers' indicated price levels moved sharply lower.

The pattern becomes clearer when viewed across the negotiation range. In August, Buyer Bids stood just 10 paise below Deal Prices. By September, this gap had widened to 55 paise, while the difference between Seller Offers and Deal Prices remained unchanged at 12 paise. The movement was therefore concentrated on the buyer side rather than spread across all three price indicators. Sellers' offers continued to align closely with realized prices, while buyers' initial indications moved considerably further away. The September averages do not reveal whether this change came from revised buying budgets, a different mix of requirements or other procurement considerations, but they show that lower bids have not yet translated into lower transaction prices.

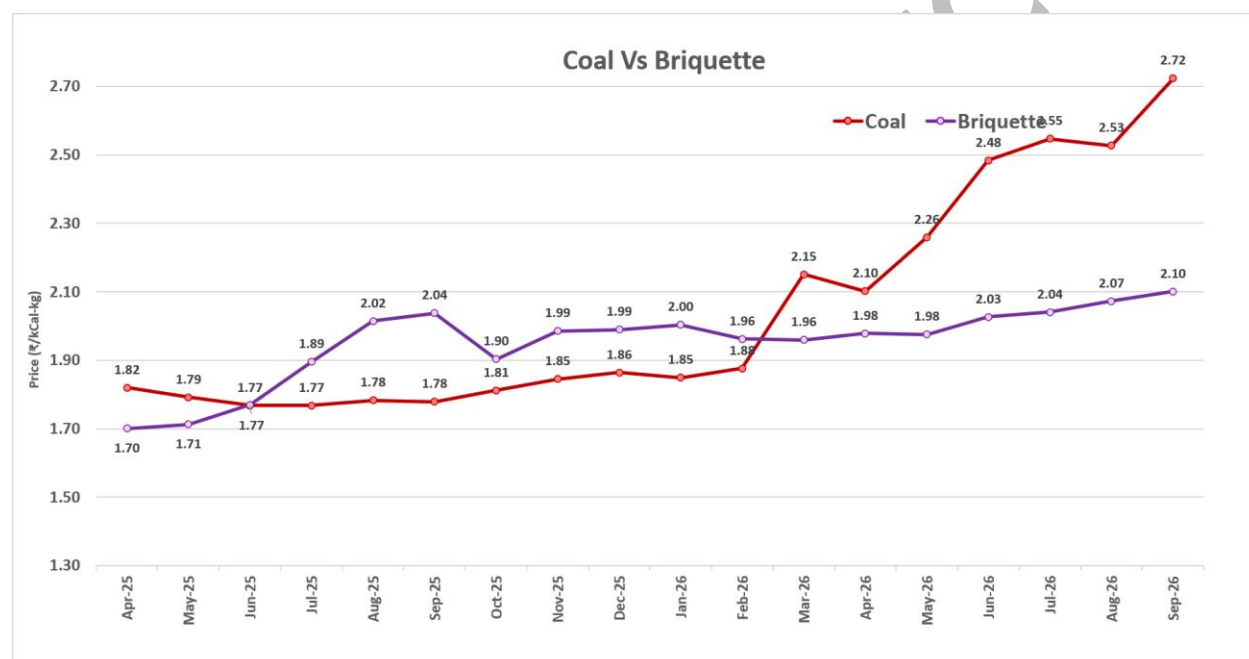
The sustained rise in Deal Prices is also notable against the seasonal transition underway in the biomass supply chain. The southwest monsoon ended in September with below-normal rainfall nationally, while the post-monsoon harvest period began in parts of the country. These developments matter for biomass procurement, but their effects vary by region and feedstock. The available evidence does not establish that the rainfall deficit or the arrival of fresh crop residues drove September's price movement. In particular, the sharp fall in Buyer Bids cannot be attributed to improved feed stock availability without corresponding evidence from raw-biomass prices and procurement conditions.

BiofuelCircle's platform's trade volumes provide a further view of activity during the month. Recorded demand rose to 1,02,757 MT, while offered supply declined to 1,05,658 MT. This brought demand and supply on BiofuelCircle much closer than in August.

The broader trend remains one of firm realized prices, with Deal Prices rising from ₹1.98/kCal-kg in May to ₹2.10/kCal-kg in September. September's sharp fall in Buyer Bids is the first major break in the upward movement of buyer indications during this period. The next phase will show whether this is a temporary divergence or the beginning of a more sustained change in buying 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 the spread.⁵⁵ 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.



September marked a further widening of the price differential between imported coal and briquettes, with the gap reaching ₹0.62/kCal-kg, compared with ₹0.46 in August. Imported coal prices rose 7.5% month-on-month to ₹2.72/kCal-kg, while briquette prices increased 1.5% to ₹2.10/kCal-kg. The 16-paise expansion in the spread was the largest monthly increase since the gap began widening in March.

The movement in imported coal prices reflects a combination of international supply constraints and rising costs of bringing coal into India. Indonesian supply continued to face disruptions linked

to dry weather, lower river levels affecting transportation, and difficulties with vessel loading. Uncertainty around production quotas added to concerns over availability. At the same time, higher freight costs contributed to the increase in prices at Indian ports. These pressures were particularly relevant for lower-calorific-value coal, which remains an important segment of India's imported thermal coal market. The September price movement therefore reflects pressure across several stages of the supply chain, rather than an isolated change in domestic pricing.

Demand conditions added another layer to this picture. Indian buyers continued to show interest in Indonesian coal, even as elevated prices prompted caution over further purchases. Tight coal stocks at power plants and concerns around electricity demand supported the need to secure supplies, while buyers remained sensitive to the cost of procurement. This creates a difficult balance for the imported-coal market: supply constraints and replenishment requirements can sustain prices, but resistance to high offers may limit how readily buyers accept further increases.

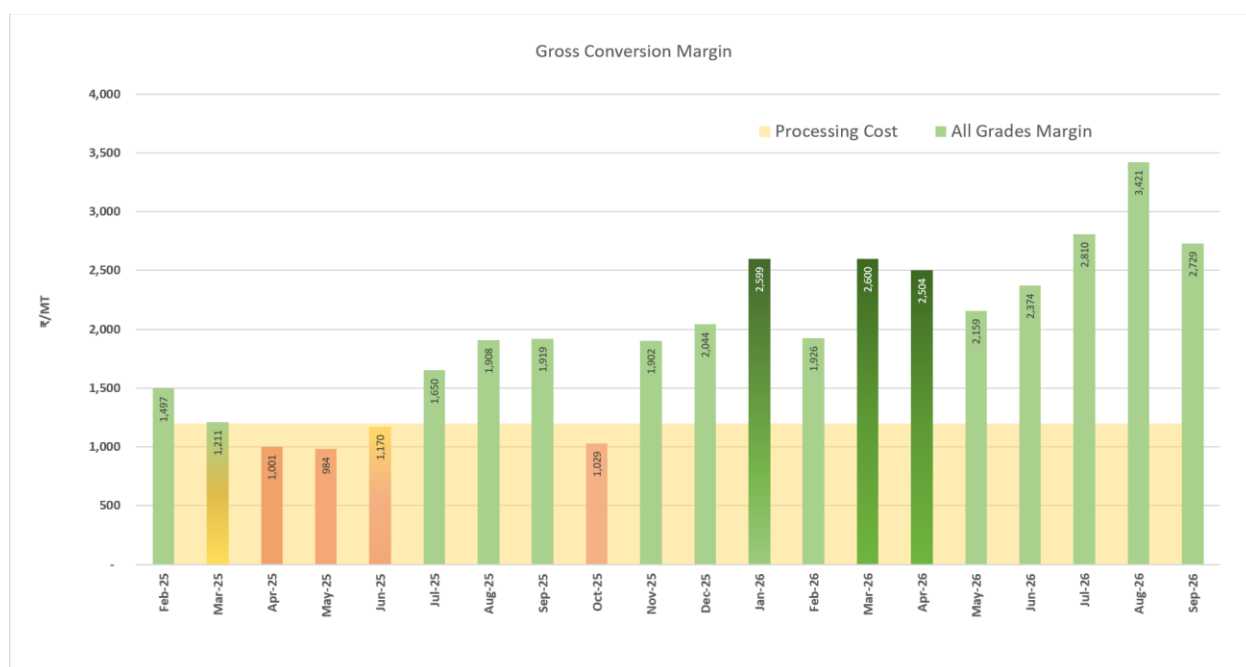
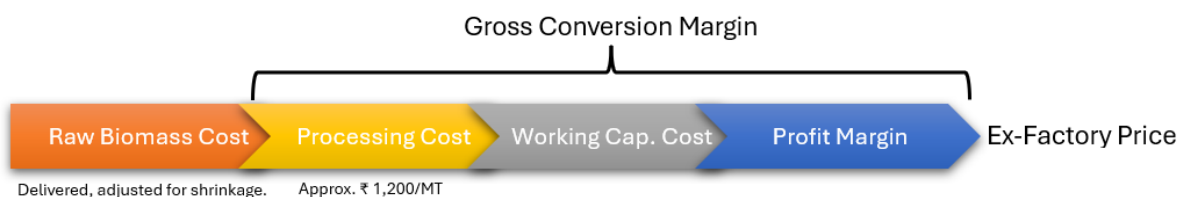
Briquette prices followed a notably steadier course during September. The increase was modest compared with the movement in imported coal, continuing the pattern observed over recent months. This relative stability is significant in the current environment because the competing fuel is experiencing pressure from international supply and logistics conditions.

The widening differential has implications for how industrial consumers assess fuel economics. A larger price gap improves the relative price position of briquettes against imported coal when compared on an equivalent energy basis. However, the persistence of this advantage will depend on whether international coal prices and freight costs remain elevated, and whether the current supply pressures ease.

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.



September marked a decisive break in the expansion of Gross Conversion Margin through the monsoon months. After reaching a series high in August, GCM fell by ₹692/MT to ₹2,729/MT, reversing around one-fifth of the previous month's gains. The decline brings the margin close to its July level and indicates that August's exceptional expansion has not been sustained.

Despite this correction, the broader recovery remains intact. GCM has risen considerably from the levels recorded earlier in the year, and September's decline has not erased the gains accumulated between June and August. The latest movement is therefore better characterised as a correction from elevated levels than a return to the weaker margin conditions seen during the first half of the year.

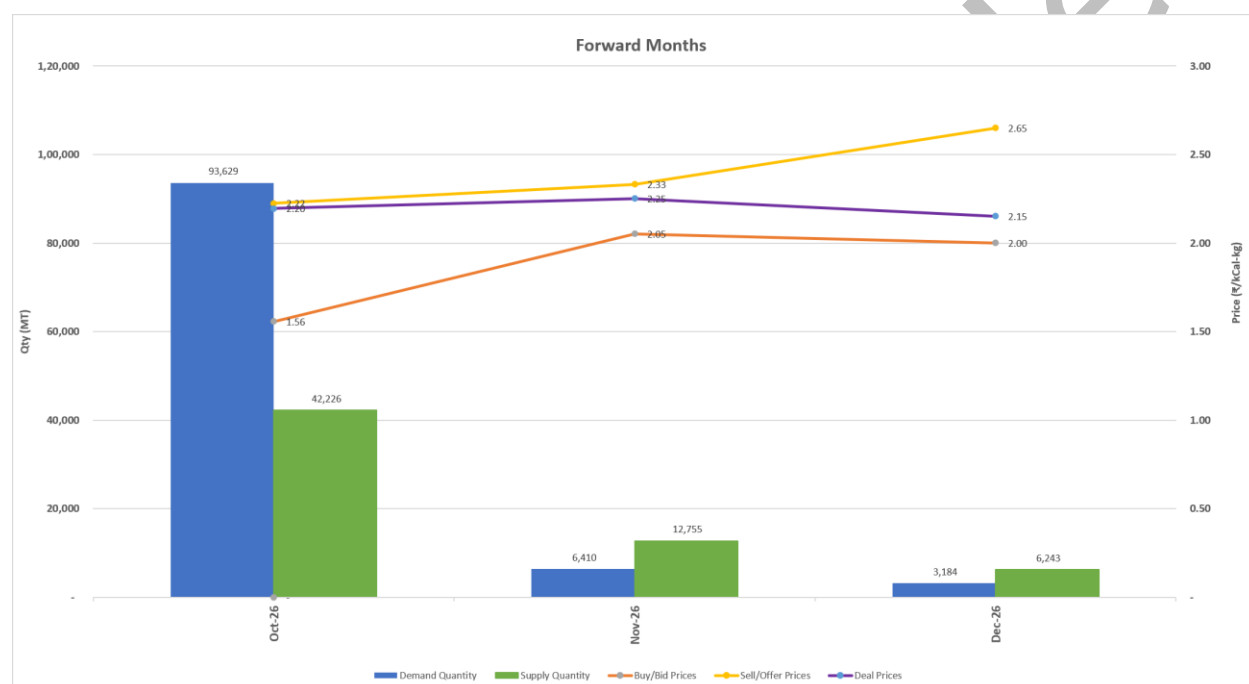
The contraction also comes amid relatively firm briquette realisations. This points to a narrowing of the spread between finished-product prices and adjusted raw-biomass costs. However, the aggregate GCM series does not isolate the contribution of either component, making it difficult to attribute the decline to a specific change in procurement costs or selling prices. The clearest signal is that the margin expansion observed through August has lost momentum.

At ₹2,729/MT, GCM remains substantially above the ₹1,200/MT processing-cost benchmark. The correction has reduced the surplus available above this benchmark, but the margin continues to provide a considerable spread to cover conversion expenses, inventory holding and profit. September therefore represents a moderation in processor economics, rather than a return to historically weaker levels.

The upcoming months will determine whether this is a temporary pullback or the start of a sustained contraction.

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 price curve points to a firm near-term market, followed by a more uncertain pricing outlook towards December. Deal prices rise from ₹2.20/kCal-kg in October to ₹2.25 in November, before easing to ₹2.15 in December. The November increase is modest, but the subsequent decline suggests that the upward movement is not expected to continue uniformly across the forward period.

The gap between buyer and seller expectations remains a defining feature of the curve, although its direction changes across delivery months. October seller offers are close to concluded deal prices, while buyer bids remain considerably lower. November brings buyer bids closer to both

offers and deals, indicating greater alignment in initial price expectations. This convergence, however, is not sustained into December.

December presents the clearest divergence. Seller offers rise to ₹2.65/kCal-kg, while deal prices ease and buyer bids remain lower. The gap between seller offers and concluded prices widens to ₹0.50/kCal-kg, suggesting that sellers are pricing in a substantially firmer market than current deal levels reflect. The decline in deal prices alongside rising offers also indicates that stronger seller expectations have yet to translate into higher realized prices.

The curve therefore presents two distinct signals. November reflects a modest strengthening in concluded prices alongside closer alignment between buyers and sellers. December, by contrast, combines softer deal prices with a sharp increase in seller expectations. This points to growing disagreement over future price levels rather than a uniform upward trend across the forward market.

The direction of prices will depend on whether December's higher seller expectations translate into concluded transactions or whether prices remain closer to current deal levels. The extent to which buyer bids adjust and the gap between offers and deals narrows will be important in determining whether the November firmness extends further into the quarter.

In Conclusion

September points to a market where briquettes' relative price competitiveness has strengthened, but the improvement is not translating uniformly across the value chain. Imported coal has become substantially more expensive relative to briquettes, while the correction in Gross Conversion Margin indicates that favourable fuel-price dynamics do not necessarily translate into progressively stronger processor economics.

The forward curve adds another dimension to this picture. While near-term deal prices remain firm, the movement towards December is less certain, with seller expectations rising sharply even as concluded prices soften. The widening gap suggests that the market has yet to establish a common view on year-end pricing.

The overall picture is therefore one of stronger relative competitiveness against imported coal, moderating conversion margins and increasingly divergent forward expectations. The durability of the current market position will depend on how these three trends evolve together, rather than on the direction of any single price indicator.

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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