

From the Editor's Desk: The Changing Dynamics of Biomass Pricing

October brought an interesting divergence across the biomass market. Briquette Deal Prices climbed to ₹2.20/kCal-kg, extending the upward run that began in May. Gross Conversion Margin also recovered to ₹3,260/MT, bringing processor economics close to the August high. Even as briquettes gained slightly less ground against imported coal, they continued to offer a meaningful price advantage on an equivalent energy basis.

Yet the confidence visible in current transactions is not reflected uniformly in the months ahead. November and December Deal Prices remain above ₹2.19/kCal-kg, but the indications for January and February fall to ₹1.97. Seller Offers, meanwhile, continue to rise across the same period. The difference between these positions raises an important question: are sellers pricing for a stronger market than buyers are currently prepared to accept?

For manufacturers, the recovery in conversion margins and firm realized prices offer an encouraging picture of current economics. For industrial consumers, the continued advantage over imported coal remains relevant to fuel procurement decisions. But as the forward curve moves into 2027, the gap between present market performance and future price expectations deserves closer attention.

This edition examines what is driving the current pricing position, how the economics of conversion have evolved, and what the forward indications reveal about the months ahead.

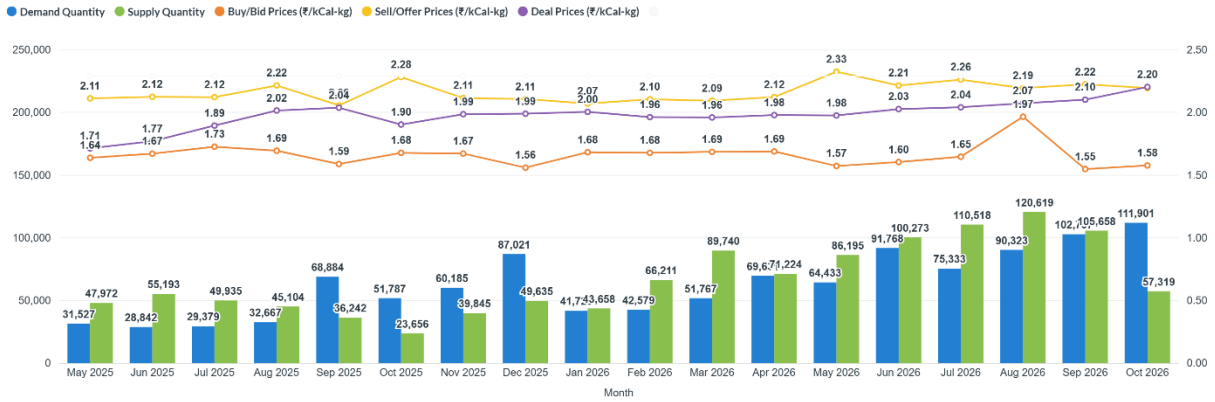
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Past Trends: Briquette Prices

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.



October saw briquette Deal Prices reach ₹2.20/kCal-kg, extending the uninterrupted rise recorded since May. The increase of 10 paise over September is the strongest monthly movement in this recent run. More significant, however, is the pricing configuration behind this increase. Deal Prices have continued to strengthen even though Buyer Bids have remained close to their September level and Seller Offers have eased marginally. The transaction price is therefore moving ahead of both initial buyer indications and the relatively stable offer range.

The widening gap between Buyer Bids and Deal Prices has become increasingly pronounced. Buyer Bids averaged ₹1.58/kCal-kg in October, against a Deal Price of ₹2.20, leaving a difference of 62 paise. In September, this gap was 55 paise. Seller Offers, meanwhile, averaged ₹2.19/kCal-kg, almost matching the concluded price. This places the October transaction level close to the prevailing seller price expectation, while buyer indications remain substantially lower. The pattern points to a market in which the initial buying position is not keeping pace with the level at which transactions are being concluded. For manufacturers, the continued strength in realised prices is notable; for industrial consumers, the widening distance between bids and deals makes early price discovery and procurement planning increasingly important.

The longer-term movement reinforces this change in pricing dynamics. Deal Prices have risen from ₹1.98/kCal-kg in May to ₹2.20 in October, an increase of more than 11% over six months. This has not been accompanied by a comparable upward movement in Buyer Bids. Instead, the gap between initial buyer indications and realized prices has widened, particularly in September and October. Seller Offers have remained comparatively stable over this period. The result is a sustained increase in the transaction benchmark without a corresponding convergence in buyer and seller expectations.

The seasonal transition following the withdrawal of the southwest monsoon in October is an important consideration for the months ahead. The post-monsoon period brings changes in agricultural residue availability and procurement conditions, but the impact is neither immediate

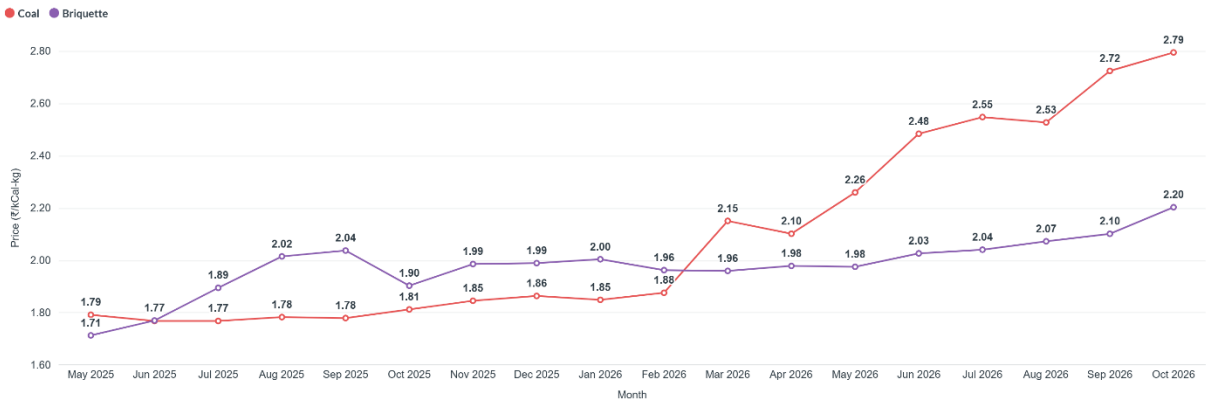
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nor uniform across feedstocks and regions. October's continued rise in Deal Prices indicates that the seasonal transition has not yet been reflected in lower platform transaction prices. Whether this reflects the timing of feedstock arrivals, regional procurement conditions or other commercial factors cannot be established from the price series alone. Feedstock arrival in various markets continue to remain weak. Aftermath of various cyclonic showers have also delayed harvest in many markets hence ensuring a tight supply gap which is also keep the prices at a high. Around the same time last year, October provided a relief to biomass prices creating a dip that allowed the buyers to close out their purchases.

The market therefore enters the post-monsoon period with realized briquette prices at their highest level in the current series, while buyer indications remain considerably below concluded transactions. The persistence of this gap will be important to watch. A movement in Buyer Bids towards prevailing Deal Prices would indicate greater acceptance of current market levels; continued separation would point to a sustained difference between procurement budgets and seller price 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.' 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.



October saw both imported coal and briquette prices move higher, with briquettes recording the sharper increase. Indonesian coal (3400 GAR) rose from ₹2.72 to ₹2.79/kCal-kg, while BiofuelCircle's briquette Deal Price increased from ₹2.10 to ₹2.20/kCal-kg. Consequently, the price differential narrowed from ₹0.62 to ₹0.59/kCal-kg. This marks a moderation in the widening trend observed over the preceding months, although imported coal continues to command a considerable premium over briquettes.

The domestic coal supply position remained an important consideration for industrial and power-sector procurement. Power plant inventories remained low through much of October, with high electricity demand and weaker hydropower generation contributing to sustained coal consumption. Although stock levels showed some improvement as the monsoon receded and rail availability strengthened, inventory constraints continued to influence buying decisions. The need to maintain adequate fuel stocks kept procurement requirements in focus, even as buyers remained cautious about the cost of imported coal.

Internationally, Indonesian thermal coal prices remained firm amid persistent supply-side constraints. Dry weather disrupted river barging and delayed shipments from mining areas, while uncertainty around production quotas added to concerns over spot availability. Sellers maintained firm offers, but elevated prices limited buying appetite among Indian consumers. This widened the gap between buyer bids and seller expectations, with some Indian buyers exploring South African coal as an alternative to higher-priced Indonesian material. The market therefore remained characterized by firm offers but selective purchasing.

Briquette prices continued their upward trajectory, reaching ₹2.20/kCal-kg in October after increasing consistently since May. This movement occurred even as average Seller Offers eased marginally from ₹2.22 to ₹2.19/kCal-kg, while Buyer Bids remained broadly stable at ₹1.58/kCal-kg. The Deal Price moved close to the average Seller Offer, pointing to a firmer realized price level without a corresponding increase in initial seller quotations. The faster rise in briquette prices relative to imported coal was the primary reason for the marginal narrowing of the price differential during the month.

At ₹0.59/kCal-kg, the price advantage of briquettes over imported Indonesian coal remains meaningful on an equivalent energy basis. However, the narrowing differential highlights the importance of tracking both fuel markets rather than relying on the spread alone. Continued firmness in Indonesian coal could sustain the premium, while further increases in briquette prices may reduce it. For industrial consumers assessing fuel substitution, briquettes retain a price advantage, although the final economics will also depend on fuel quality, handling, storage and boiler operating requirements.

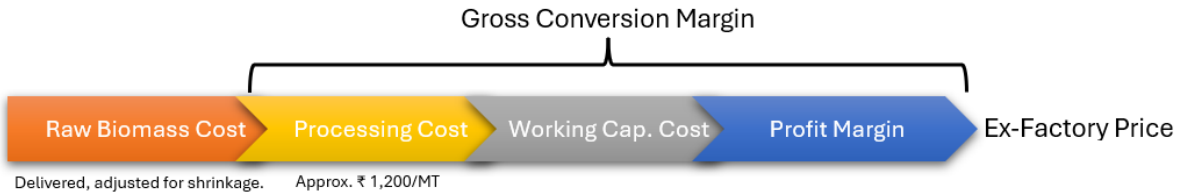
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Past Trends: Gross Conversion Margin

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.





October's recovery in Gross Conversion Margin (GCM) points to a renewed expansion in the spread between finished briquette realizations and adjusted raw biomass costs. The all-grades margin reached ₹3,260/MT, recovering from September's contraction and moving close to the August peak of ₹3,421/MT. This is significant in the context of the broader market, where briquette Deal Prices have continued to strengthen, reaching ₹2.20/kCal-kg in October. The improvement in conversion margins has therefore taken place alongside firm finished-product realizations.

The current margin position also reflects a substantial improvement over the levels recorded during the first half of 2025. GCM has remained above the ₹1,200/MT processing-cost benchmark since November 2025, with the latest reading maintaining a considerable spread above this reference level. The September correction had raised the question of whether the margin expansion seen through the monsoon months was losing momentum. October's recovery indicates that this moderation has not yet become an established downward trend.

The relationship between GCM and finished-product prices remains important. Briquette Deal Prices have moved steadily higher since May, but the aggregate margin has experienced more pronounced fluctuations. This divergence highlights the role of raw biomass economics in determining the spread available to processors. However, without the corresponding monthly

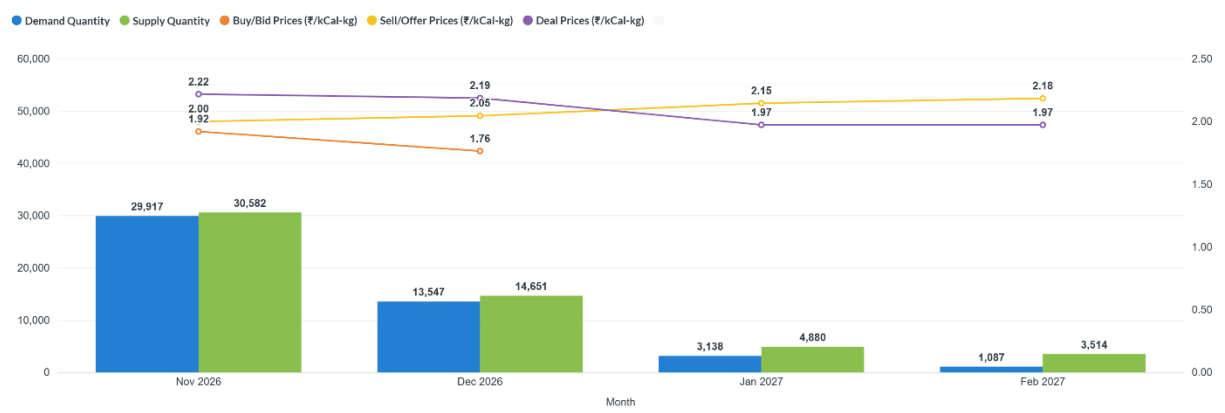
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series for adjusted raw biomass costs and ex-factory realizations, the contribution of each component to October's recovery cannot be established.

For the biomass value chain, the current position points to a conversion margin environment that remains favorable at an aggregate level. The key question is whether this strength can be sustained as feedstock procurement costs and finished-product realizations respond to changing market conditions. A continued expansion in GCM would strengthen the economics of conversion, while a narrowing spread would put greater pressure on the viability of briquette production at prevailing fuel prices.

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 pricing structure presents a relatively firm near-term position, with Deal Prices at ₹2.22/kCal-kg for November and ₹2.19/kCal-kg for December. The curve then moves lower to ₹1.97/kCal-kg for both January and February. The change in pricing between December and January marks a clear shift in the forward indications, although the extent to which this represents a change in market expectations will become clearer as these delivery periods approach.

The more significant feature is the growing separation between Seller Offers and Deal Prices in the later months. Seller Offers move progressively higher, from ₹2.00/kCal-kg in November to ₹2.18/kCal-kg in February. Deal Prices, however, remain below ₹2.00/kCal-kg for January and February. This widening gap shows that sellers are maintaining higher asking prices for the later delivery periods, while the indicated transaction levels do not reflect the same firmness. The difference is particularly pronounced in February, where the gap reaches ₹0.21/kCal-kg.

The Buyer Bid position provides another important dimension to the curve. Bids are recorded at ₹1.92/kCal-kg for November and ₹1.76/kCal-kg for December, but no bid indications are available

for January and February. For the first two months, the difference between Buyer Bids and Seller Offers remains relatively contained compared with the later delivery periods. Beyond December, the absence of buyer indications, alongside rising Seller Offers and lower Deal Prices, leaves the forward pricing position less clearly established.

The forward market therefore carries two distinct price positions. November and December retain Deal Prices above ₹2.19/kCal-kg, while January and February indicate a lower transaction level against progressively higher Seller Offers. Whether this represents a sustained moderation in prices or a temporary gap between forward expectations will depend on how buyer participation and seller quotations develop as the new year approaches.

In Conclusion

October reinforced the strength of the biomass market, with briquette Deal Prices rising to ₹2.20/kCal-kg and Gross Conversion Margin recovering to ₹3,260/MT. The recovery in conversion margins brings processor economics close to the August peak, while continued firmness in briquette realizations points to a market that has maintained its pricing momentum through the month.

Briquettes also retained a meaningful price advantage over imported Indonesian coal. Although the differential narrowed marginally to ₹0.59/kCal-kg, the gap continues to favor briquettes on an equivalent energy basis. The relative cost position remains important for industrial consumers evaluating fuel substitution, particularly as imported coal prices continue to influence procurement economics.

The forward market, however, presents a more divided outlook. Deal Prices remain firm for November and December, but the indications for January and February are lower. Seller Offers continue to rise across these later delivery periods, while buyer bids are absent. The widening separation between these price positions leaves the direction of the market beyond December less certain. Buyers who are waiting at the sidelines to buy in the current market may continue to wait with the visible uncertainty. Sellers may try to sell more aggressively to lock in the higher margins which may soften the prices. November will decide the way forward.

Taken together, October reflects a market with firm realized briquette prices, recovering conversion margins and a continued cost advantage over imported coal. The immediate challenge is whether these favorable conditions can carry into the new year, particularly as forward price indications point to a widening gap between seller expectations and indicated transaction levels.

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.

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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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