

# BiofuelCircle Market Insights

January 2025

## From the Editor's Desk: Turning Point for Sellers

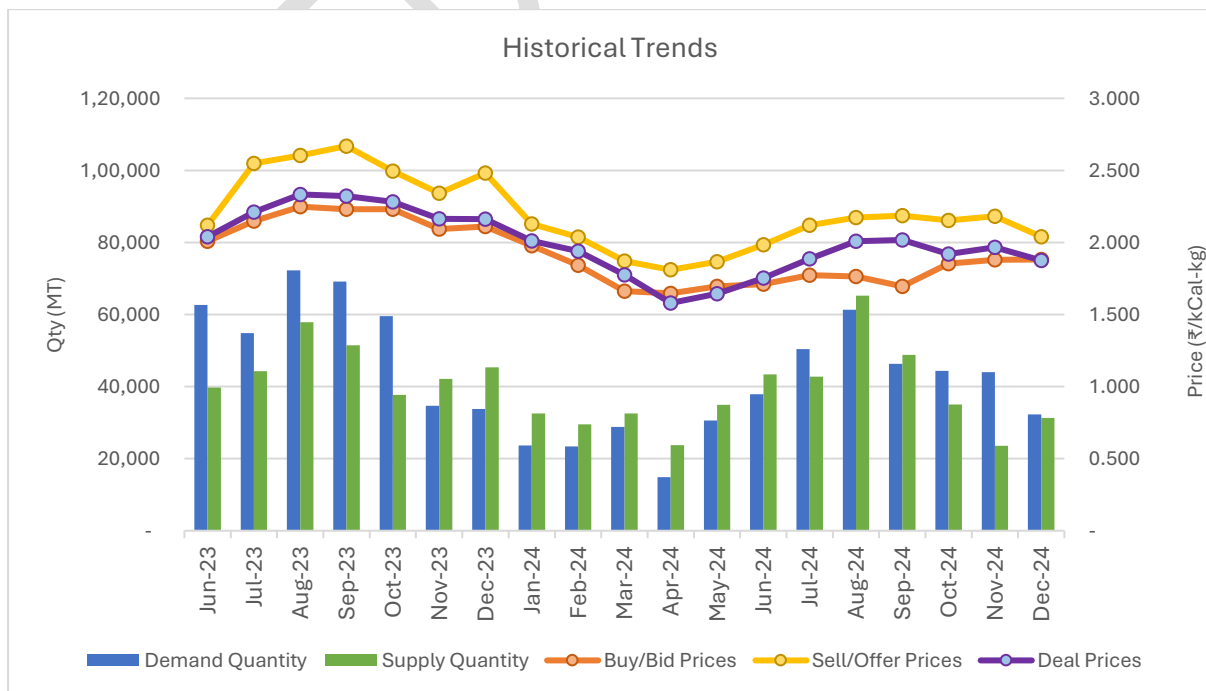
December, the last month of the year, was a month of many developments. After holding almost steady for four months, Coal prices fell to a level not seen since we started tracking this data. Sellers reduced their expectations to ₹2.04 per Kcal-kg: still not below ₹2, but very nearly there. And deals happened at or marginally lower than Buyer expectations.

Supply saw an increase for December as well as near delivery months of January and February. Suppliers seem to return with volumes and intent to conclude deals. Availability of feedstock also improved, but margins came under pressure, particularly as the price of Superior briquettes fell for the second straight month.

If the market was waiting for a turning point, could this be the one?

Read on to know more.

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

December saw a 9 paise decrease in weighted average price of Briquettes over the previous month to ₹1.876 per Kcal-kg. Multiple factors contributed to this fall, commodity mix was one, but the return of supply was a key reason.

The share of Premium briquettes (GCV > 3800, Ash < 8%) almost halved from 66% in Nov 2024 to 36% of the mix in Dec 2024. Superior briquettes (GCV ~ 3400 to 3800, Ash ~ 8 to 12%) remained unchanged from Nov 2024, at 12% of all deals done in the month. The big change was Standard briquettes (GCV < 3400, Ash > 12%) jumping from 23% the month before, to more than half the market in December, at 52% of the mix.

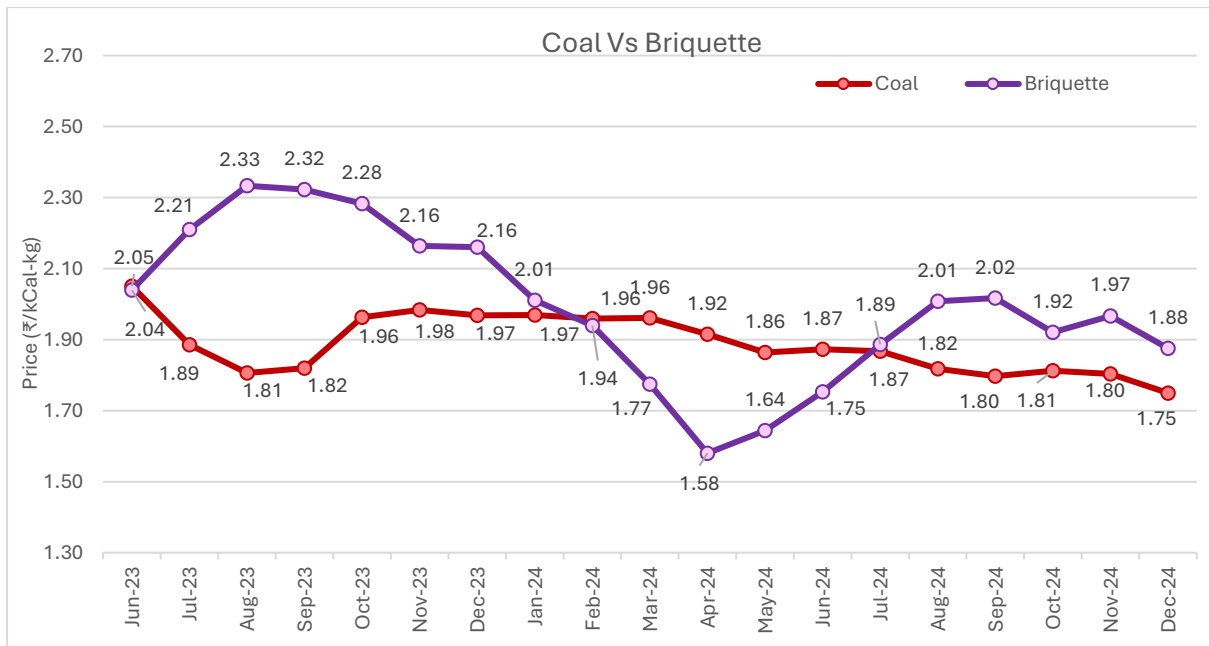
The weighted average price of Premium briquettes has remained almost flat since Sep 2024, in the ₹2.04 to 2.05 range. In Dec 2024, deals for Premium briquettes happened at ₹2.04 per Kcal-kg. Superior briquettes however have been falling since Oct 2024 and slipped to ₹1.83 per Kcal-kg last month, versus ₹1.93 in Nov 2024. Standard briquettes saw an increase of ₹0.05 in Dec 2024 to ₹1.77 per Kcal-kg. This small increase in price was offset by the big gain in the market share of Standard briquettes, at the cost of a falling share of Premium briquettes. Taken together, the weighted average price of all briquettes in December was thus 4.6% lower than the previous month.

The story of price spread between Buyers and Sellers took an interesting turn in Dec 2024: it is the narrowest since May 2024. Sellers came down significantly from their price expectations to ₹2.04 per Kcal-kg (on average): a fall of 17 paise from November, but still holding out above the ₹2 level. Buyers held their ground at ₹1.88 per Kcal-kg, and deals happened at or marginally below the Buyer's price. This is a significant event, and potentially a bearish indicator.

While Demand for briquettes was lower in December as compared to November, the big story was the return of the Sellers. Supply which has been falling since Aug 2024, turned the other way, and almost caught up with Demand. Early last month, we were concerned why the post-harvest supplies still haven't reached the market – they did turn up as the month progressed.

## Price Comparison

The chart below compares the weighted average delivered prices of Biomass Briquettes to those of imported coal (GCV 3400 GAR). 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 price of imported 3400 GAR coal experienced its first major drop since Jun 2024. Prices fell to ₹1.75 per kCal-kg on average, the first time in our tracking that prices have breached the ₹1.80 level on the way down.

Briquettes chased coal downwards, causing the spread (in energy terms) to narrow slightly to 13 paise per kCal-kg in Dec 2024. This made Standard briquettes at ₹1.77 marginally more expensive than comparable imported coal.

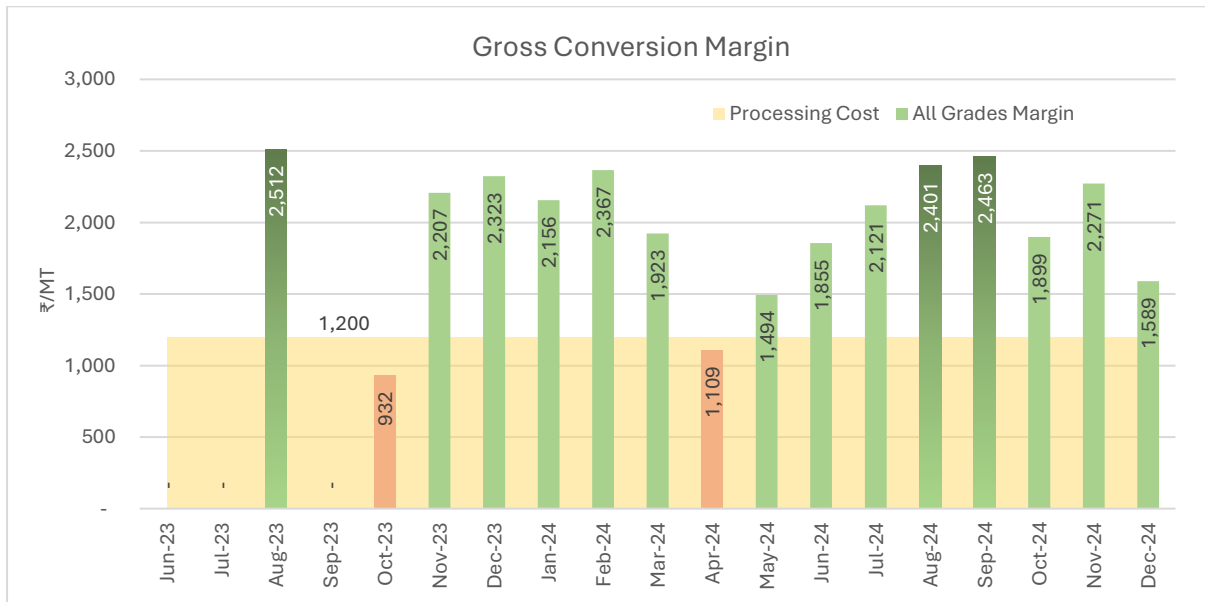
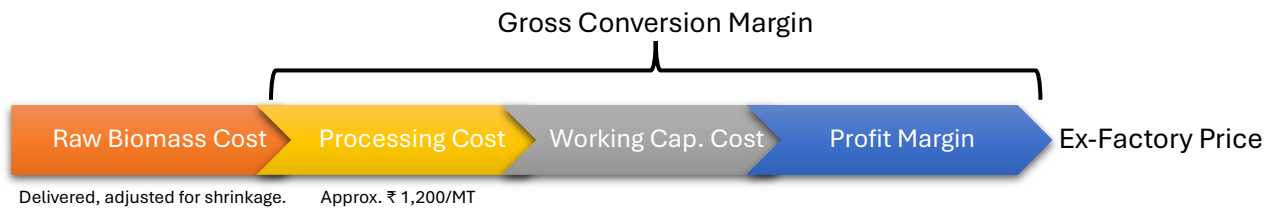
The expected reversal in the Coal vs Briquette spread has not happened yet, possibly delayed due to prices of Coal themselves falling in December.

Last month we indicated “another month of nearly same prices... if not lower ...” for imported coal. International coal prices were subdued in Dec 2024, with falling demand in all major consumption markets including Europe, China and India. While India’s power consumption in Dec 2024 was 6% higher than the same month last year, this increase was not sufficient to push up demand for imported coal. Adequate inventory at the thermal power plants and strong domestic production made up for demand. It is anticipated that domestic supplies will continue to meet any surge in coal required especially for power generation.

### 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.

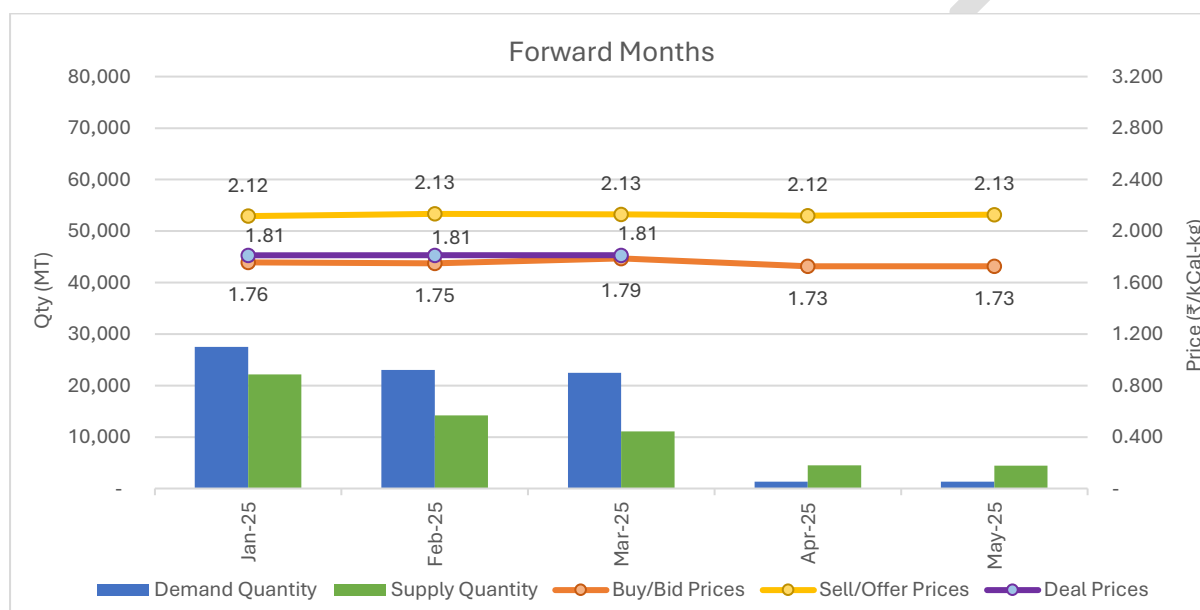


December saw pressure back on briquette manufacturers as the Gross Conversion Margin (CGM) average across all grades came down to ₹1,589 per MT. GCM for Standard briquettes continues to remain at a healthy level around ₹1,800 per MT, with supplies now of cotton stock and sugarcane trash becoming available. Margins for Superior briquettes came under pressure, falling to ₹1,300 ~ 1,400 per MT, due to much lower Superior briquette prices and no change in corresponding feedstock costs. The challenge for Premium briquettes manufacturers showed no signs of easing as their margins continued to remain around or below those of Superior briquettes. We expected the GCM for briquette manufacturers to settle around 30% in December, the reality that played out was much lower at 24% of the average landed cost of briquettes. This led to an even thinner net realisation of 5% after adjusting for processing costs.

Relief for briquette manufacturers in the coming months will need to come in form of lower feedstock prices as briquette prices will continue to be put under pressure. The GCM band may remain in the 25% to 30% range.

## 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.



Deals for forward delivery into Jan, Feb & Mar 2025 have happened in a very tight band between ₹1.811 to 1.183 per Kcal-kg, for all practical purposes this can be considered as the same price. Demand for January delivery was about 15% lower than December. Supply for future delivery did not match up demand, and both taper off beyond Mar 2025.

The more interesting story from the activity seen for forward month delivery is Suppliers still expecting prices around ₹2.12 per Kcal-kg, and Buyers expecting nearly flat prices around ₹1.75. And deals happening closer to Buyer expectation, that too almost a flat price for the next three months. Some of the Supplier price expectations look to be based on older intentions to sell. Through platform-based negotiations (such as counteroffers, and multi-party auctions & reverse auctions) Sellers are willing to do business at reasonable and lower levels. The very wide bid-ask spread (between prices sought by Sellers & Buyers) should compress as Suppliers make fresh material available on the platform.

## BiofuelCircle Benchmark Prices

We continue to publish **BiofuelCircle Benchmark Prices**, as a ground-up calculation to reflect fair value proposition for both buyers and sellers to drive sustained production and usage of biofuels. These prices are offered for reference and comparison.

Biomass feedstock, briquettes, pellets are all traded in volume on the BiofuelCircle platform. Through direct connect with participants (buyers & sellers), and its own internal research, the

platform has access to cost elements such transport, storage, working capital, labour, seasonal variations, etc. Taken together, BiofuelCircle's analysts compute a range of prices that can provide stable margins to sellers, and at the same time are competitive for buyers.

### Standard Briquettes

(GCV < 3400, Ash > 12%), ₹per Kcal-kg

Region		Jan-25	Feb-25	Mar-25
Maharashtra	Bid/Buy	1.63	1.63	1.64
	Sell/Offer	1.66	1.66	1.67
Gujarat	Bid/Buy	1.56	1.57	1.58
	Sell/Offer	1.59	1.60	1.61
Punjab/ Haryana	Bid/Buy	2.21	2.22	2.23
	Sell/Offer	2.24	2.25	2.26

### Superior Briquettes

(GCV ~ 3400 to 3800, Ash ~ 8 to 12%), ₹per Kcal-kg

Region		Jan-25	Feb-25	Mar-25
Maharashtra	Bid/Buy	1.76	1.77	1.77
	Sell/Offer	1.79	1.80	1.80
Gujarat	Bid/Buy	1.76	1.77	1.85
	Sell/Offer	1.79	1.80	1.87
Tamil Nadu	Bid/Buy	1.60	1.61	1.61
	Sell/Offer	1.63	1.63	1.64

### Premium Briquettes

(GCV > 3800, Ash < 8%), ₹per Kcal-kg

Region		Jan-25	Feb-25	Mar-25
Maharashtra	Bid/Buy	2.32	2.43	2.44
	Sell/Offer	2.34	2.46	2.46
Gujarat	Bid/Buy	2.16	2.18	2.20
	Sell/Offer	2.19	2.21	2.23
Punjab/ Haryana	Bid/Buy	2.39	2.55	2.56
	Sell/Offer	2.42	2.58	2.58
Tamil Nadu	Bid/Buy	2.31	2.25	2.26
	Sell/Offer	2.34	2.28	2.29

Do share your feedback on BiofuelCircle Benchmark prices. More granular data, based on place of supply or demand is available for registered users of the platform. Reach out to with [your BiofuelCircle representative](#) to know more.

### In Conclusion

Briquette prices resumed their downward trend in December, falling by 9 paise compared to previous month's average price. Standard grade briquettes made a comeback as expected, grabbing more than half of the market. The resurgence is a month early as compared to last year and is expected to drive prices lower in the coming months.

Sellers' resistance showed clear signs of mellowing as they lowered their price expectations in December and offered more quantity for sale as compared to the previous months. Forward month activity was observed from Jan to Mar 2025, with a key difference: all prices were lower than the spot month of Dec 2025.

The price outlook for January is again lower than December and will be driven by commodity mix in favour of Standard briquettes. Coal prices are quite low already in December and may hold ground or marginally increase in January. But these aren't expected to break out beyond the ₹1.80 to 1.82 per kCal-kg band. Gross conversion margins for processors are expected to remain rangebound at 25 to 30% of the price of briquettes.

If you are a Briquette/ Pellet manufacturer, do look up the Benchmark Prices for a fair conversion margin. [Get in touch with your BiofuelCircle representative](#) to help you sell on the platform.

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.

To learn more, reach out to us at: Email: [info@biofuelcircle.com](mailto:info@biofuelcircle.com)

Contact No: +91 (20) 48522522

\*\*\*\*\*