

BiofuelCircle Market Insights

February 2026

From the Editor's Desk: The Seller's Final Window

The Seller's opportunity window defines the narrative for this month, as the market has defied the post-December cooling trend to hit new valuation peaks. While trade volumes have normalised, deal prices have climbed to a historic high of ₹2.011/kCal-kg, and the Gross Conversion Margin (GCM) has shattered records to reach ₹2,589/MT. This creates a rare and lucrative moment for manufacturers: a "Scarcity Dividend" where profitability is driven not by volume, but by the premium placed on immediate availability.

The Fiscal Bridge is the structural force holding these prices up, serving as a temporary support beam before the inevitable seasonal correction. Our analysis reveals that industrial buyers, pressed by demand deadlines, are prioritising security of supply over cost, paying a Premium of 16 paise over coal despite fossil fuel prices remaining rock-steady at ₹1.85. This divergence confirms that the current market is running on to secure material over unavailability of supply rather than pure economic arbitrage.

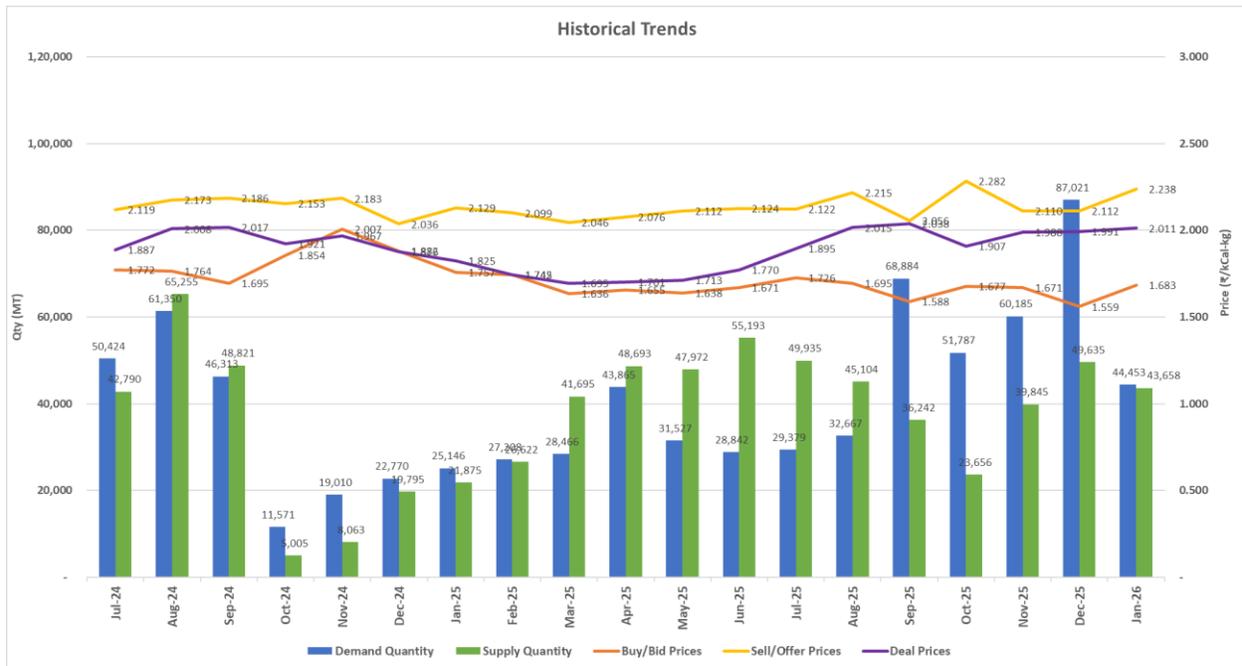
The harvest reality looms large on the horizon, however, and we caution that this window is closing fast. The forward curve already predicts a dip in February and a final call in March before the new crop floods the system in April. We advise our readers to view January's numbers not as a new normal, but as a strategic exit point, the peak before the harvest reset.

Read the full analysis below to uncover the precise timing of the shift and why the coal-briquette spread is about to invert, ensuring you are positioned correctly before the inevitable harvest correction.

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 sales 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.



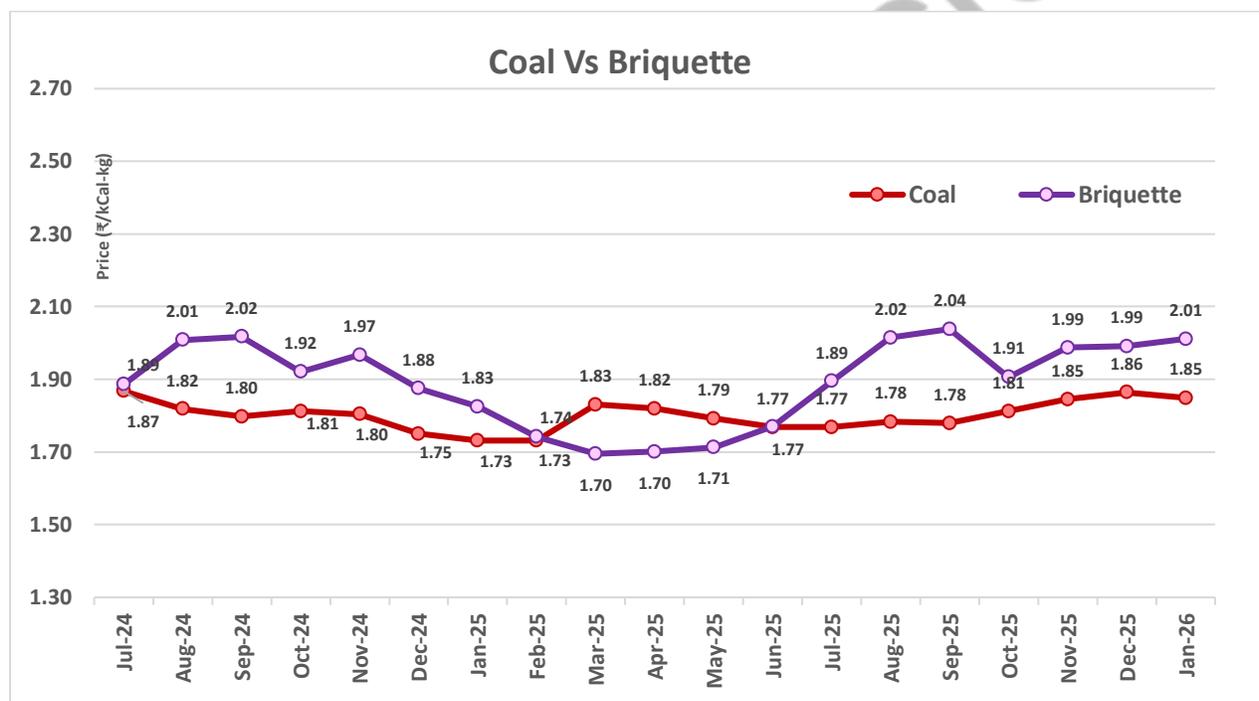
The Seller's opportunity window: Peak Value. The market has opened 2026 with a definitive signal; this is the optimal moment for sellers to liquidate positions. While trade volumes have normalized from December, with Demand Quantity settling at 44,453 MT. Deal Prices have climbed to a historic high of ₹2.011/kCal-kg, up from ₹1.991 in December. Even more telling is the confidence in the offer side; Seller Offers have surged to ₹2.238/kCal-kg. The data confirms that while volumes have cooled, the premium on available material has intensified, creating a rare window of peak profitability for manufacturers holding stock.

The squeeze opportunity. The drivers of this opportunity are clear. Industrial buyers, pressed by the approaching fiscal year-end, are exhibiting a higher willingness to pay to secure ready available fuel. This is evident in the Bidding behaviour: Buyer Bids have jumped significantly to ₹1.683/kCal-kg (up from ₹1.559 last month), effectively narrowing the spread. This indicates that buyers are currently price-inelastic; they prioritise security of supply over cost. For sellers, this is the perfect storm: you have a motivated buyer base willing to lift material at elevated prices to meet their year-end targets.

Capitalise Before the Correction. However, this window is finite. The current price strength is built on the temporary tightness before the new heavy supply. We assess that the market is currently at the "top of the curve." Holding inventory beyond this point carries risk, as the incoming supply will inevitably soften valuations. We believe this is the best time to book profits. Once the fresh Rabi harvest arrives, this price peak will likely break, so selling now is the smartest move.

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.



Coal the unshakable baseline, is the most telling story of January 2026, highlighting the remarkable stability of the domestic coal market. Despite turbulent global energy markets and fluctuating import indices, Indian domestic coal prices have remained rock-steady at ₹1.85/kCal-kg (virtually unchanged from ₹1.86 in December). This reinforces a critical reality: thanks to robust domestic production, coal in India has become a safe haven of pricing, insulated from the volatility that typically plagues energy commodities.

Briquettes the Volatile Premium stands in sharp contrast, as biomass prices have decoupled from this stability, surging to ₹2.01/kCal-kg. This has widened the gap to 16 paise, making biomass significantly more expensive than fossil fuel. While coal offers

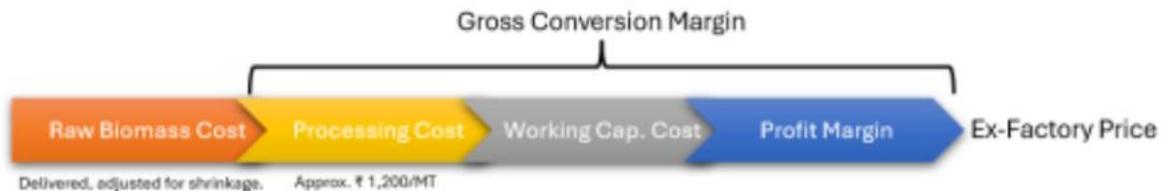
predictability, briquettes are currently behaving like a highly volatile commodity, driven purely by the seasonal supply crunch rather than intrinsic energy value.

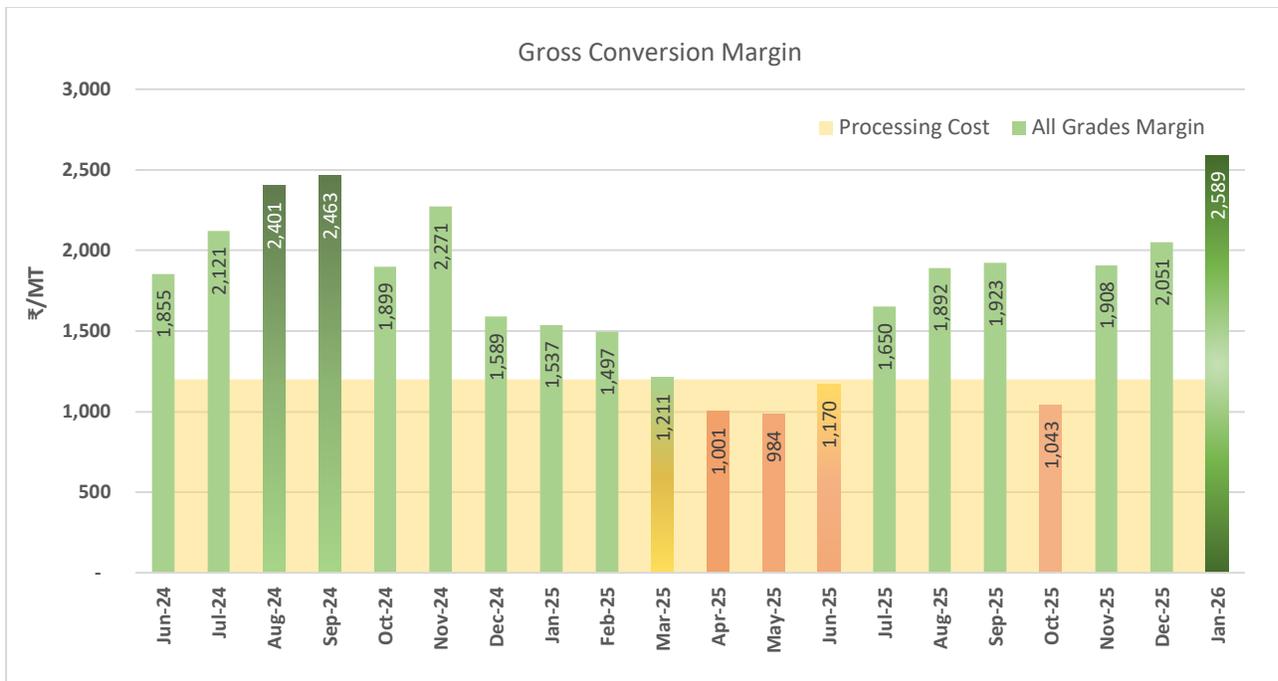
A Recurring Historical Fracture confirms that this divergence is not an anomaly, but a recurring structural feature of the Q4 market. Comparing this to January 2025, we see the exact same pattern amplified: last year at this time, Coal was trading at a stable ₹1.73 while Briquettes commanded a premium at ₹1.83 (a 10-paise spread). This year, that spread has expanded to 16 paise, confirming that while coal serves as the reliable anchor, briquette prices consistently overheat, forcing buyers to pay a steep price to maintain their green mandates.

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.





A historic high in the Gross Conversion Margin (GCM) has shattered previous ceilings, surging to a weighted average of ₹2,589/MT in January 2026, representing a massive 26% month-on-month jump from December’s ₹2,051/MT. This extraordinary profitability is not a function of normal market operations; it is a clear unavailability dividend. With supply contracting to ~43,000 MT and prices hardening to ₹2.011/kCal-kg, manufacturers have been able to pass on nearly all efficiency gains directly to the bottom line, operating at margins more than double the standard processing benchmark of ₹1,200/MT.

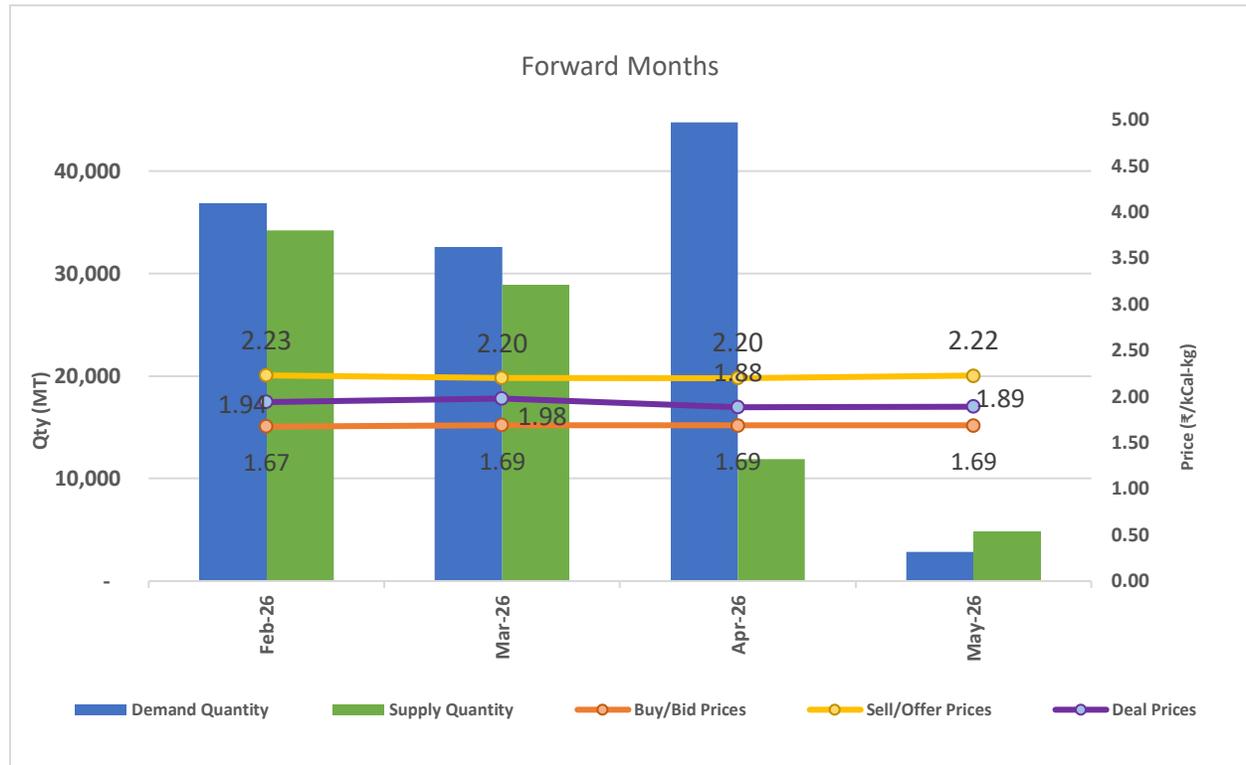
Year-on-Year the unavailability reveals the intensity of the current squeeze when comparing this to the previous cycle. In January 2025, the GCM stood at ₹1,537/MT, meaning the current margin of ₹2,589 represents a staggering 68% year-on-year increase. This confirms that the premium buyers are forced to pay during supply shortages has escalated dramatically, effectively transitioning the market from a volume-driven game to a margin-driven windfall for those holding stock.

The peak before the fall must be reiterated as a caution: this is unsustainable. A GCM of ₹2,589 is an anomaly driven by the temporary mismatch between the unavailability squeeze of demand and pre-harvest supply tightness. As seen in the historical trend, margins typically soften as the year progresses (dropping to ₹1,497 in Feb '25 and ₹1,211 in Mar '25), and we anticipate a similar sharp correction in Q1 2026. As the Rabi harvest floods the system, the raw material availability will ease, but the resulting drop in finished goods prices will likely compress these super-normal margins back toward the historical mean, so

manufacturers should treat this as a bonus period, not a new baseline.

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 Immediate Cooling is visible in the February projections, where the market finally acknowledges the end of the peak. Deal Prices are projected to soften from the January high of ₹2.011 down to ₹1.941/kCal-kg, driven by a simultaneous contraction in both demand (36,895 MT) and supply (34,227 MT). This initial dip signals that the unavailability buying phase has passed, and the market is entering a brief period of hesitation before the fiscal deadline.

The year-end spike in March serves as a fascinating interruption to this downward trend, with Deal Prices rebounding sharply to ₹1.980/kCal-kg. We analyse this not as a return to structural strength, but as the Last Stand of the financial year; buyers are rushing to close their annual demand mandates, creating a temporary micro-spike in value despite lower volumes. This counterintuitive jump validates our fiscal bridge theory that prices will remain artificially supported one last time before the true correction sets in.

The harvest reality arrives decisively in April, breaking the curve downwards to ₹1.885/kCal-kg. This 10-paise drop from March marks the true new fiscal year baseline, where the "unavailability premium" finally evaporates under the weight of the incoming harvest. The data is clear for strategists: the current volatility (Down-Up-Down) is merely noise before the inevitable reset, and smart procurement teams are likely already looking past the March spike to lock in April volumes at sub-₹1.90 rates.

In Conclusion

The structural tightening of the market has created a unique scenario where deal prices have climbed to ₹2.011/kCal-kg even as trading volumes have normalised, driven by a temporary imbalance where the urgency of industrial buyers to secure fuel before the financial year-end has outstripped the immediate availability of material.

A final window of opportunity is likely to emerge in March, where we anticipate a brief resurgence in pricing as companies rush to finalise their annual purchase mandates; however, this should be viewed as a temporary peak rather than a sustainable trend, as the arrival of the new crop in April is expected to fundamentally reset the supply-demand balance.

Our core recommendation for the coming weeks advises sellers to capitalise on these elevated valuations by liquidating inventory now, while buyers should remain cautious, recognising that the current premium of biomass over coal is a seasonal anomaly that will dissipate once the fresh harvest supply restores competitive pricing.

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.

To learn more, reach out to us at:

Email: info@biofuelcircle.com

Mobile: +91 89569 38955

Phone No: +91 (20) 48522522