

INDIAN GAS UTILITIES

LNG terminal capacities to remain underutilised for the foreseeable future

December 2025





[Click to see full report](#)

LNG terminals in India, apart from the Dahej terminal of Petronet LNG Limited (PLL), continue to suffer from subdued capacity utilisation owing to lower-than-expected growth in imported liquified natural gas (LNG) consumption.

ICRA projects the utilisation of LNG terminals (ex-Dahej) to remain below 40% on an overall basis over the next three to five years, leading to muted returns on these investments.



- **India's gas consumption has grown at a CAGR of 4.2% during FY2016–FY2025** with LNG consumption growing at a CAGR of 4.9% over the same period. LNG imports stood at 98 million metric standard cubic metres per day (mmscmd).



- **Fertiliser and city gas distribution (CGD) sectors have been the major drivers of growth in gas consumption.** However, as no new fertiliser plants are coming up, gas consumption growth is slowing down with expectations of no rise in FY2026.



- **Sizeable investments have been made in developing LNG regasification capacity in India,** which currently stands at 52.7 MMTPA or 196 mmscmd, which is about 2.0x of the LNG consumption, i.e., 98 mmscmd in India in FY2025.



- **Capacity utilisation for India's LNG terminals has remained around 45-50% since FY2023.** However, excluding PLL's Dahej terminal, the capacity utilisation for other terminals remains weak at 25–30%.



- **Despite muted capacity utilisation levels, there are plans to further expand LNG regasification capacity in India from 52.7 MMTPA as of end FY2025 to around 77.5 MMTPA by the end of FY2029.** Given that the gas consumption growth is expected to remain subdued, the upcoming terminals face risk of muted capacity utilisation.



- **ICRA notes that a 5 MMTPA LNG terminal will need regas charges above Rs. 81/mmbtu with capacity utilisation levels between 30% to 55% to meet its debt servicing requirements.** Given that most of the LNG terminals in India operate below these levels amid subdued gas consumption growth, ICRA anticipates the returns from the new projects to remain sub-optimal with additional financial burden on the sponsors.



ICRA

Analytical Contact Details

Name	Designation	Email	Contact Number
Girishkumar Kadam	Senior Vice President & Group Head	girishkumar@icraindia.com	022 – 6114 3441
Prashant Vasisht	Senior Vice President & Co-Group Head	prashant.vasisht@icraindia.com	0124 – 4545 322
Varun Gogia	Assistant Vice President & Sector Head	varun.gogia1@icraindia.com	+91 9871156542





ICRA

Business Development/Media Contact Details

Name	Designation	Email	Contact Number
L Shivakumar	Chief Business Officer	shivakumar@icraindia.com	022-61693304
Sai Krishna	Head – Research Sales and Investor Connect	sai.krishna1@icraindia.com	9840774883
Rohit Gupta	Head Business Development – Infrastructure Sector	rohitg@icraindia.com	0124-4545340
Vivek Bhalla	Head Business Development – Financial Sector	vivek.bhalla@icraindia.com	022-61693372
Vinita Baid	Head Business Development – East	vinita.baid@icraindia.com	033-65216801
Shivam Bhatia	Head Business Development – Corporate Sector – North & South	shivam.bhatia@icraindia.com	0124-4545803
Sanket Kulkarni	Head Business Development – Corporate Sector – West	sanket.Kulkarni@icraindia.com	022 – 61693365
Naznin Prodhani	Head – Group Corporate Communications & Media Relations	communications@icraindia.com	0124-4545860





© Copyright, 2025 ICRA Limited. All Rights Reserved.

All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies, while publishing or otherwise disseminating other reports may have presented data, analyses and/or opinions that may be inconsistent with the data, analyses and/or opinions in this publication. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.



ICRA

Thank You!