

India LPG Terminal Infrastructure

Why import-terminal capacity is the structural bottleneck — and an investment theme in its own right

The setup

India's LPG demand continues to outpace domestic production. Roughly three in five molecules of cooking gas now arrive by ship, which makes import-terminal capacity at the coast — not refining or distribution — the part of the chain that actually constrains volume growth. For investors and operators, that constraint is precisely where economic rent accumulates.

Demand drivers



Household LPG penetration

Near-universal connections after a decade of access schemes shifted the growth driver from new connections to rising per-household consumption — a stickier, recurring volume base anchored in daily cooking demand.



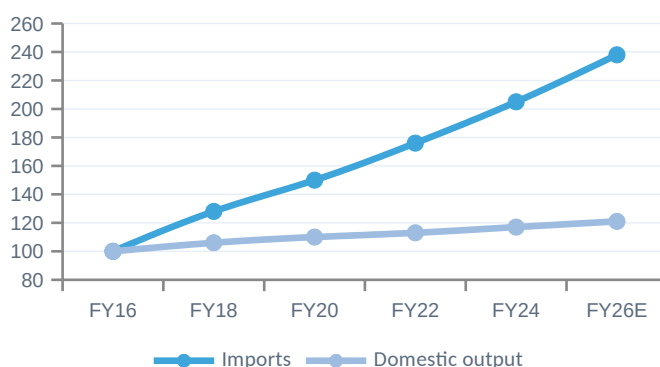
PNG substitution dynamics

Piped natural gas is encroaching in dense metros, but city-gas roll-out is slow and capital-heavy. Across small-town and rural India, bottled LPG remains the default fuel — substitution caps the ceiling, it doesn't collapse the base.

Import-terminal capacity: the structural bottleneck

Coastal LPG terminals are lumpy, permission-heavy assets: deep-water berths, cryogenic or pressurised storage, pipeline evacuation and rail/road gantries. Each is years and hundreds of crores in the making. When import demand climbs faster than new capacity is sanctioned, utilisation tightens, throughput tariffs firm up, and incumbents with berths already in the water capture the upside. Scarcity, not scale alone, is the moat.

India LPG imports vs. domestic output (indexed, illustrative)



The economics of contracted throughput

A terminal's quality is written into its contracts. Take-or-pay and minimum-guaranteed-throughput agreements with oil-marketing companies and bulk importers convert an asset-heavy build into a utility-like annuity: revenue keys off committed volume, not the spot market. Long tenors, inflation-linked tariffs and high incremental margins mean a well-contracted terminal generates cash steadily across the cycle — which is exactly what makes the segment investable rather than merely industrial.

~60%

of India's LPG demand met by imports

10-20 yr

typical contracted throughput tenor

Take-or-pay

structure underpins annuity cash flows

Figures are illustrative sector approximations for context; verify against latest filings and PNGRB / PPAC data before relying on them.

Where opportunity — and risk — sit



Where the moat is

- Operators with scarce deep-water port access and long-dated take-or-pay contracts.
- Sites with rail + pipeline evacuation, not road-only — logistics depth widens the moat.
- Brownfield expansions at sanctioned ports: incremental capacity at low marginal cost.



Where it breaks

- Road-only or shallow-draft terminals with weak contract cover and spot exposure.
- Faster-than-expected PNG roll-out in core demand metros compressing volumes.
- Regulated-tariff resets and subsidy-policy shifts that cap pricing power.



The takeaway

Terminal infrastructure is an under-appreciated, asset-heavy, cash-generative segment — **but moat quality varies sharply by port access and contract structure.** Those two factors, not headline capacity, are what actually drive returns.

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