

Title: Adani's Dhamra Port has many hurdles to cross unlike Mundra Port, Dhamra faces connectivity issues

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Adani Ports and Special Economic Zone wants to convert its new prized possession — the Rs 5,500-crore Dhamra Port — into Mundra PortBSE 1.22 % of the east coast, on the back of an expected upturn in economy and access to the vast mineral belt. But experts point out that it's not going to be an easy task with limited availability of land, stiffer competition and poorer connectivity.

Gautam Adani built Mundra Port, often described as the crown jewel of the Adani Group, in Gujarat in 1994. It went to become India's largest private port. Factors like political backing, access to land and industrialisation in the state helped. It is still not showing signs of slowing down.

"Mundra is not something that just comes up. Lot of things happened that helped Mundra. Also ports on the west coast were struggling to handle cargo with limited capacity. The cargo moved to Mundra," said Vibhor Singhal, an analyst with Phillip Capital. "Dhamra will not grow at the same magnitude as Mundra did. But it can move directionally towards it."

Dhamra Port located in Odisha handled a total cargo of 14.3 million tonnes (MT) last financial year and it aims to grow it 15-20% this year. It currently has two berths and recently received environment clearance for constructing 12 more to scale its cargo handling capacity to 100 MT by 2020 from 24 MT at present.

Mundra Port crossed 100 MT mark by handling 101.12 MT cargo in fiscal 2014. It has actual capacity to handle almost double at 180 MT per annum.

"Dhamra Port is no Mundra. If Dhamra can achieve even onethird or one-fourth of what Mundra has done, it is good enough. The availability of land is 15-20 times more in Mundra and had political backing in Gujarat," said Ramesh Singhal, CEO at imaritime Consultancy. Mundra has about 15,665 acres of land.

Dhamra, after trying for many years, finally got additional land of about 745 acres from the state government recently. Singhal pointed out another thing that sets Mundra apart from Dhamra is better connectivity.

Even though Dhamra has 63 km of private rail connectivity, road connectivity is poor compared with Gujarat. Many say Dhamra has potential despite several challenges to be the gateway to the eastern India the same way Mundra is for the western India. If economic growth picks up in the country, Dhamra will be one of the first to take advantage of it, say analysts. But cargo build will take time and much depends on regulatory clarity on mining and the ironore trade restrictions.

"Dhamra is a private port and will see quick infrastructure creation. It will bring in higher productivity.

It can raise prices and it will still get clients," said Anand Sharma, director at Mantrana Maritime Advisory. He added that everything will depend on trade pick-up.

But Dhamra will face more competition that what Mundra Port faced in Gujarat. Upcoming Gopalpur Port and state-controlled Paradip Port in Odisha are likely to give stiff competition to Adani's next big thing. Respite will however come from ports in West Bengal with low depth that can't cater to large ships. Several ports in West Bengal have been on the drawing board for long due to the lack on land available.