

We will deliver the Noida airport on time, and within the sanctioned budget of Rs 5,730 crore: CEO Christoph Schnellmann

Despite input costs going up, Noida Airport, on the outskirts of Delhi, does not expect to see cost overruns, CEO Christoph Schnellmann told Moneycontrol

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"We have been doing business in India for 20 years along with Brazil. These are two key focus markets that we continue to observe with great interest," says Christoph Schnellmann, Chief Executive Officer, Yamuna International Airport Private Limited

While accepting that costs have gone up, **Christoph Schnellmann**, Chief Executive Officer, Yamuna International Airport Private, (YIAPL), the entity set up to manage and run Noida Airport, says, "We're not expecting a cost overrun now." YIAPL is a 100 percent subsidiary of Zurich Airport International, in close partnership with the Government of Uttar Pradesh and the Government of India.

While the upcoming airport has not yet found an anchor airline, with Tata Projects being awarded the EPC contract and the project underway, **Schnellmann** says "those conversations (with airlines) will certainly intensify again, and one of the things we will be looking at till the end of 2024, of course, is to secure partnerships with airlines as well to operate out of Noida."

Edited excerpts:

Input costs have on an average increased by about 45 per cent. Steel, which used to be Rs 45 a kilo is now about Rs 85 a kilo; cement is now Rs 365 a bag when it was about Rs 270 a bag earlier. So, are there fears of a cost overrun on this project?

Input prices, commodity prices and fuel prices have increased across the globe and India has been no exception. It's something we've been working through over the past few months with bidders interested in the CPC contract. We are confident that the Tatas will be able to deliver the airport infrastructure within the funds sanctioned by our lenders, by SBI and by our shareholders. The contract is a fixed term, fixed price contract. On this basis we do not anticipate any further cost pressure or cost overruns on the project.

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Will you be absorbing the 45 percent or so increase in costs?

I cannot comment on the 45 percent. It's certainly not the case across the board. I know individual commodities have fluctuated or have increased in different measures, but we will be able to deliver the project in the next three years within the funds sanctioned by SBI and our shareholders, within Rs 5,730 crore.

Any update on participation in the upcoming privatisation of airports in India?

India, for the Zurich Airport group, remains one of the core international markets. We have been doing business in India for 20 years along with Brazil. These are two key focus markets that we continue to observe with great interest.

The privatisation programme is robust in India, and there is also a very robust regulatory policy. We will continue to observe these.

Will you take up other projects while you're still working on Noida?

We will look at those opportunities in detail as they present themselves, certainly Noida International Airport has our full attention.

Is Noida the single largest foreign investment by Zurich airport?

Yes, it is.

That's about a billion US dollars...

Less than a billion US — Rs 5,730 crore, which fluctuates a little bit depending on the exchange rate, but 65 percent of that (about Rs 3,700 odd crore) will be funded by the State Bank of India and 35 per cent will be funded by our investors.

What percentage of traffic to Noida will be diverted from Delhi and what will be the fresh demand driven by capacity in the first five years?

We have seen air traffic grow at incredible rates in India over the past 20 years. We have seen a dip and drop during COVID. We have also seen domestic traffic and now international traffic rebound very quickly. We expect that growth to continue right through to 2024.

We see demand for additional airport infrastructure in Delhi NCR and we expect that additional demand to drive passenger traffic through Noida. We see additional demand for passenger traffic from various domestic carriers and last but not least, demand for air cargo infrastructure.

We speak a lot about the passenger terminal, the design of the passenger terminal, the airlines, but we are equally excited about the potential for air cargo. As a matter of fact, we have got a tender underway, a search for a partner to work with us to develop over 80 acres of air cargo and logistics infrastructure and the eastern part of the airport. We expect all that to be fuelled by the growth in air traffic in India.

How much traffic will be diverted from Delhi and how much will be fresh growth?

I don't think I have a figure. We expect the growth that we see in Delhi and airports across the country to keep rising. Traffic levels are almost where they were in

2019. We expect this additional demand to continue.

Will proper public transport be ready in time for the airport's commissioning? Considering that the airport is very far from its core market are there likely to be delays?

The airport is very well connected to Delhi, Noida and Greater Noida. The airport is about 700 metres from the Yamuna Expressway, which is very well built and allows a smooth and quick transfer in under 30 minutes from Noida to Noida International Airport. We are pleased with the connectivity and we look forward to the development of the Metro. We expect the Delhi Metro Rail company to conclude its report (project) in the next few weeks. We expect on this basis funds to be sanctioned and works to be started before the airport opens for business.

When will the metro be in a place to Noida Airport?

We expect work to start well before the airport opens. If it is not open on the same day as the airport it will open shortly after.

Airports fall into various categories. Some have facilities focused on passengers, enabling smooth entry and exit, while others are luxurious and resemble a five-star hotel. Which one do you prefer?

I'll take you back to our Indian warmth and hospitality and Swiss efficiency and technology. The intention is certainly to deliver an airport terminal that's warm and welcoming for passengers so they feel comfortable spending time waiting for their flights. That does not mean that we intend to gold plate it.

Coming to Swiss technology and efficiency, it will be a terminal that is quick and easy to use. There will be short walking distances and quick transfer times. And quick turnarounds as well.

We have seen air traffic grow at incredible rates in India over the past 20 years

