

Lufthansa German Airlines
2nd Floor, Novotel Pullman Hotel,
Commercial Block, Asset No. 2,
Delhi Aerocity, GMR Hospitality District,
IGI Airport, New Delhi -110037

Your Ref.

Our Ref./Date

Tel.: +91-11-49745000

7th April, 2026

CIN / FCRN : F00588

Mr. Ram Krishan
Director - Policy & Statistics
Airport Economic Regulatory Authority
Udaan Bhawan, Safdarjung Airport Area New Delhi – 110003
director-ps@aera.gov.in

**Subject: Comments of Lufthansa Group on Consultation Paper (CP 07/2025–26)
Noida International Airport (DXN) – First Control Period (01 April 2026 – 31 March 2031)**

Lufthansa Group (comprising Lufthansa German Airlines, Lufthansa Cargo AG, and Swiss International Air Lines) sincerely appreciates the Authority for providing stakeholders with the opportunity to participate in the consultation process in relation to the tariff determination for Noida International Airport (DXN) for the First Control Period (01 April 2026 – 31 March 2031).

We note that the International Air Transport Association (IATA) has submitted detailed comments in response to the Consultation Paper. Lufthansa Group aligns with and adopts IATA's submissions in this regard. In addition, we wish to present our specific, topic-wise comments as set out below:

1. Single Till Methodology under Section 13 of the AERA Act

The Airports Economic Regulatory Authority of India Act, 2008 (as amended from time to time) provides for the determination of aeronautical tariff by taking into account revenues generated from services other than aeronautical services as well, thereby implying the adoption of a Single Till methodology. Therefore, in light of the statutory provisions and established regulatory principles, the Single Till methodology should be consistently applied for the determination of aeronautical tariffs at Noida International Airport (DXN), a major airport.

2. Treatment of Pre-COD Losses

In Paragraph 3.1.1 of the Consultation Paper, the Authority has observed that Yamuna International Airport Private Limited (YIAPL) has included the financial shortfall incurred during the period from its inception (22 January 2020) until the expected Commercial Operation Date (COD). These losses have not been presented separately as pre-COD results in the Multi-Year Tariff Proposal (MYTP);

instead, they have been subsumed within the Operating and Maintenance (O&M) costs of the First Control Period specifically in the first tariff year (FY 2025–26) for the purpose of determining the Aggregate Revenue Requirement (ARR).

In Paragraph 3.3.1, the Authority has proposed to exclude such pre-COD losses from tariff determination. Lufthansa Group supports this proposal.

We further concur with the Authority's observation in Paragraph 3.2.4 that Noida International Airport is a greenfield project, and that the underlying assets are not available for use by airlines or passengers during the construction phase. Accordingly, users cannot reasonably be expected to bear aeronautical charges for infrastructure that is neither operational nor accessible. The exclusion of pre-COD losses is therefore consistent with both regulatory principles and user-pay fairness.

3. Cargo Projections: Infrastructure and Operational Risks

In Paragraph 4.2.41, the Authority notes the projected compound annual growth rate (CAGR) of 35.56% for international cargo, premised on the assumption that proximity to industrial clusters such as Ghaziabad and Agra will result in an immediate modal shift of cargo traffic from Delhi (DEL) to Noida International Airport (DXN).

In this regard, we submit that the projections based on the BCG study, lack sufficient granularity at the commodity level and do not adequately account for the incubation period required for industrial development. While land has been earmarked for aerospace and electronics industries, these sectors are currently in the development phase. Based on industry experience, such facilities typically require a lead time of 2-5 years year lead time before these facilities are fully operational and capable of generating significant export volumes. High growth rates should be adjusted to reflect this ramp-up phase rather than assuming peak output from the first year itself.

Feedback from current exporters and logistics stakeholders suggests that the "soft infrastructure" required to steer exports from DEL to NIA is not yet in place. In particular, there is a noted absence of forwarder offices and functional warehouses in the immediate vicinity. Without an established ecosystem of customs brokers and logistics providers near the airport boundary, a seamless transition of cargo from DEL is unlikely to happen at the pace that is projected in the CP.

CIN / FCRN : F00588

We also draw the Authority's attention to Para 12.2.3 of the MYTP, where the operator explicitly acknowledges that the non-availability of "Eastern Access" at the time of opening will adversely "impact the operational efficiencies" of the cargo terminal. We submit that high traffic growth projections are inconsistent with these admitted infrastructure deficits and operational risks.

In light of the above, we urge the Authority to adopt more conservative cargo growth rates, particularly for the first three years. This will prevent an artificial inflation of the Aggregate Revenue Requirement (ARR) and avoid a potential "True-Up" in the subsequent control period.

4. Terminal Building Level Ratio (TBLR)

We support the Authority's proposal in Paragraph 5.7.1 to revise the Terminal Building Level Ratio to 88% Aeronautical and 12% Non-Aeronautical.

YIAPL's proposed allocation of 5.95% towards non-aeronautical activities is significantly lower than comparable PPP airports such as Delhi, Mumbai, and Bengaluru, where such allocations exceed 10%. As noted in Paragraph 5.4.4, for airports with passenger traffic exceeding 10 million, commercial space allocation can extend up to 20% of the total area.

A 12% allocation is therefore reasonable and will ensure the airport optimizes commercial space, driving higher Non-Aeronautical Revenue. Without prejudice to our stand that Single Till should be applied, this will directly increase the cross-subsidy available to lower aeronautical tariffs for airlines, under the Hybrid Till (Clause 32.3.2 of the CA),

5. Personnel Costs

Authority has noted in Para 8.1.6 that YIAPL projected an average cost per employee of ₹0.25 crore for the base year with a high annual escalation of 10%. In Para 8.2.31, the Authority's benchmarking analysis across major Indian airports (referencing Figure 3, Page 144) revealed that NIA's projected average salary as the highest in the country compared to other airports. Consequently, in Para 8.2.32, the Authority proposed rationalizing the base year cost to ₹0.21 crore with a reduced annual escalation of 6%.

CIN / FCRN : F00588

We support the Authority's proposal in Para 8.2.32 to reduce the inflated personnel cost base and to cap the annual escalation at 6%. YIAPL's original proposed 10% increase is significantly higher than general inflation and creates an unsustainable cost base.

While we acknowledge the Authority's reduction to ₹0.21 crore, we submit that the cost should be further aligned with the efficient industry benchmarks identified in the CP. As illustrated in Figure 3 (Page 144), efficient airports such as Hyderabad and Ahmedabad operate with an average cost of ₹0.16 crore per employee. As a greenfield airport, NIA should adopt these benchmarks from the beginning and reduce the employee costs further.

Rationalization of Pre-Operative Personnel Costs: We also support the Authority's proposal in **Table 81 (Para 5.3.211)** to exclude capitalized personnel costs related to non-aeronautical teams (Commercial and Real Estate) from the **Regulatory Asset Base (RAB)** being non aero. Personnel costs that do not directly contribute to aeronautical services must not be included into the RAB, as this leads to long-term tariff inflation.

We support the Authority's suggestion in **Para 8.2.22** to reclassify employees to departments such as from "Aeronautical" to "**Common**". This ensures a more accurate Environment & Sustainability, Security, and the COO Office Employee Head Count Ratio (EHCR) and prevents the over-allocation of personnel expenses on the aeronautical side.

Article 5 of the Concession Agreement talks about the Obligations of the Concessionaire and Article 5.1.4 binds the Concessionaire to conform to "Good Industry Practice" at all times.

Article 53 (Definitions) of the CA explicitly defines "Good Industry Practice" as performing functions in a "reliable, safe, economical and efficient manner."

Maintaining the highest salary structure for a greenfield airport is neither "economical" nor "efficient." This makes the Aggregate Revenue Requirement (ARR) higher, placing an unjustified financial burden on airlines and passengers that violates the efficiency standards mandated by the Concession Agreement.

Productivity and Staffing Levels: Based on the projected headcount growth to 481 employees by FY 2031 (Table 121, Para 8.2.23), we urge the Authority to strictly

CIN / FCRN : F00588

monitor the "passenger-to-employee" productivity ratio and seek justifications from YIAPL. Under Article 17.1.1 of the CA, it is the obligation of the Concessionaire to operate assets "diligently and efficiently," requiring optimal staffing levels consistent with international "Good Industry Practice."

6. CNS/ATM Expenditure

AERA noted that YIAPL has included expenses related to CNS/ATM services as part of the O&M expenses for the First Control Period. In this regard, the Authority observes that these CNS/ATM expenses pertain to the deficit between the TNLC charges collected by AAI during the previous year and the actual cost of providing the service during the year, in accordance with Clause 7.4 of the CNS/ATM Agreement.

We support the Authority's analysis in **Para 8.2.154** that this overhead lacks a "clear and demonstrable linkage" to actual incremental services for DXN. We urge the Authority to uphold its stated proposal to **exclude this component** when issuing the final Tariff Order, as contemplated in the review process under **Para 8.3.3**.

Clause 7.4 of the CNS-ATM Agreement explicitly states that services shall be provided on a "**cost recovery basis**". An ad-hoc markup is a profit margin, not a verifiable cost. Under this agreement, AAI is limited to the reimbursement of actual, verifiable expenses incurred specifically for DXN.

We agree with the Authority's view in Para 8.2.154 that since CNS/ATM is a "Centralized statutory function," support costs are already "absorbed within AAI's overall cost structure". Allowing an additional 30% markup would result in "**double counting** of costs and an unjustified pass-through to passengers".

Subjecting DXN to an overhead not applied at other major PPP airports would be discriminatory and inconsistent with regulatory principles and would unfairly inflate the aeronautical cost base.

As per Articles 22.2.2 and 22.2.3 of the Concession Agreement, YIAPL is responsible for bearing incremental costs if it requests equipment upgrades to a level "higher than the requirements set forth in ICAO Documents and Annexes". Standard administrative overheads for routine services do not meet this criterion for an additional pass-through cost.

CIN / FCRN : F00588

Article 22.2.2 & 22.2.3 clearly mention that If the Concessionaire (YIAPL) requires AAI to upgrade equipment to a level "higher than the requirements set forth in ICAO Documents and Annexes," then YIAPL must bear all incremental costs and pay them in advance annually.

7. Integrated Warehousing and Logistics Zone (IWLZ) Revenue

In Para 9.2.16, the Authority has observed that while a significant portion of IWLZ is functionally linked to cargo terminal operations, approximately 25% of its capacity is expected to be independently utilized by third parties for distribution, fulfilment centers and other logistics activities not dependent on the cargo facility. In Para 9.3.2, the Authority proposes to allocate 75% of IWLZ revenue as Aeronautical and 25% as Non-Aeronautical, subject to truing up in the next control period.

We respectfully disagree with this approach and submit that 100% of IWLZ revenue should be treated as Aeronautical.

There is no provision in the AERA Act or the Concession Agreement that allows for the "unbundling" of a cargo facility based on whether the end-user is an e-commerce fulfillment center or a traditional freight forwarder. As long as the facility is part of the earmarked cargo land use, it remains an aeronautical asset.

As per Clause 32.3.2 of the CA, only 30% of Non-Aeronautical Revenue is used to cross-subsidize aeronautical charges. By classifying 25% of IWLZ revenue as Non-Aero, the Authority reduces the benefit of this revenue to airlines by 70% for that portion.

Treating 100% of IWLZ revenue as Aeronautical will have direct impact on the landing and parking fees for airlines.

We do not agree with Authority's rationale in Para 9.2.16 that distribution centers are "independent" of the cargo facility. Any logistics activity located within the airport's is inherently dependent on airport infrastructure. Segregating this revenue sets a negative precedent for picking up certain aeronautical assets to reduce the cross-subsidy available to the airlines.

8. Annual Premium Exclusion

The **Annual Premium (INR 400.97 per passenger)** must be strictly excluded from all aeronautical costs.

Article 32.3.4 of the CA and Clause 3.6.3 of the MoU explicitly state that this premium “shall always be excluded from being considered as a part of the cost for the determination of the Aeronautical Charges” and “no pass-through would be available”.


We request AERA to audit the ₹355.57 crores in pre-opening costs to ensure that pre-operative costs do not indirectly include recovery of this premium.

9. Consultation Process Enhancements

We respectfully submit the following procedural recommendations:

- The Stakeholder Consultation Meeting should be scheduled after the submission of written comments by all stakeholders. Holding the meeting after reviewing written submissions would allow the Authority and stakeholders to address specific points of divergence, fostering greater transparency, accountability, and collaboration between all stakeholders; and
- Stakeholders should further be provided an opportunity to review and respond to submissions made by the airport operators prior to issuance of the final Tariff Order.

These steps will enhance transparency, improve the quality of regulatory outcomes, and reduce the likelihood of future disputes or litigation.



Sarika Gandhi
Regional Legal Counsel
India and South Asia
Lufthansa German Airlines