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**Subject: Comments of Lufthansa Group on Consultation Paper (CP 08/2025–26)  
Navi Mumbai International Airport (NMI) – First Control Period (01 April 2025 –  
31 March 2030)**

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 **Navi Mumbai International Airport (NMI)** for the First Control Period (01 April 2025 – 31 March 2030).

**Stakeholder Comments on AERA Consultation Paper No. 08/2025-26**

First and foremost, we adopt the written submissions made by International Air Transport Association (IATA) on the subject Consultation Paper and, in addition present our specific, topic-wise comments as set out below:

1. **Severe Project Delay and Exclusion of Delay-Related Costs**
  - Against the initial completion date of December 3, 2021 for Phase 1, the COD was revised to 25<sup>th</sup> December, 2025 and the International operations were due to commence from 1.4.2026. However, the international operations have not started till date. LHG therefore submits that there has been a delay of four years and the users cannot be penalized with the cost overruns on account of inefficiency and/ or mismanagement and failure on part of the operator to meet primary project milestones. This is a material breach of the development schedule that must not be subsidized by airlines.
  - As per CP Para 3.2.1, the Authority correctly notes that users "cannot be asked to pay any aeronautical tariffs before availing of facilities offered by the airport". Because the facilities were not available during this 4-year delay, any interest accumulated is a developer's risk and must not be shifted to airlines through landing and parking fees, not even in the next control period.

CIN / FCRN : F00588 • Because facilities were unavailable during this four-year delay, any accumulated interest is a developer's risk and must not be shifted to airlines through landing and parking fees

## 2. Rejection of Inflated Carrying Costs (Financing Allowance)

- NMIAL seeks to capitalize ₹4,324 crore in Financing Allowance (interest during construction) for Phases I & II into the Regulatory Asset Base (RAB).
- We submit that any Financing Allowance (IDC) accrued after the original December 2021 deadline be permanently excluded from the RAB. Airlines should not bear the "carrying cost" of a developer's inability to manage topography, clearances, or construction timelines.
- It is necessary step to dis allow the "inefficiency premium" from the project cost base. The Concession Agreement as well as the AERA Act lay emphasis on efficient costs and good industry practices. Inefficient handling and mismanagement ought not to be rewarded and encouraged.

## 3. Rejection of Historical Operational Inefficiencies (Pre-COD Losses)

- The pre-COD losses have rightly been disallowed.
- Total Disallowance: NMIAL requested recovery of ₹79.84 crore in losses incurred from FY 2018 to COD.
- Regulatory Consistency: We strongly support CP Paragraph 3.3.1, where the Authority formally proposes "not to consider the pre-COD losses" as part of the tariff calculation. Under Clause 15.1.1 and Clause 27.1.1 of the CA, the operator's right to collect fees only begins "on and from Phase I COD"; seeking any pre-operational from the airlines losses violates this contractual limitation.

## 4. Leveraging the Non Aeronautical Revenue

Lufthansa Group submits that the Airport operators *should* maximize land monetization to boost non-aero revenue -retail, parking, real estate etc. Therefore AERA should take into consideration the intrinsic growth potential of non-aeronautical revenues. This is essential for offsetting capital expenditure and reducing the burden on the users.

## 5. Operation and Maintenance Expenses

The approach of AERA to curb the highly inflated and overstated costs without a demonstration of efficiency is in line with the ICAO's principles of 'cost-relatedness' which stipulates that aeronautical charges should be derived from costs that are directly attributable, necessary, and efficiently incurred for the provision of aeronautical services.

## 6. Related Party Transactions/ Practices

Conducting ground handling and other services by the Airport operators through their subsidiaries are detrimental to aviation efficiency and can lead to higher costs. International guidelines also advocate for competitive, market-determined ground handling to ensure fair, safe and cost-effective services. This practice dilutes the effectiveness of the arms length principle.

Lufthansa Group (LHG) strongly objects to the systematic awarding of critical airport operations to Adani Group entities, specifically AGACSL (Cargo), AAFSL (Fuel), Adani Digital Labs, and AAHL (MSA) under terms that incorporate "transfer pricing as an added cost." This framework utilizes inefficient "cost-plus" models and restrictive bidding to shift financial risks to airlines while guaranteeing margins for the operator's affiliates.

## 7. Single Till

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.

## 8. Cargo Gateway

The Consultation Paper confirms that NMIA's Integrated Air Cargo Terminal is planned to handle approximately 0.50 MMTA during Phases I and II, with long-term expansion Phase V potential up to 3.20 MMTA in subsequent phases.

LHG acknowledges that this additional cargo capacity may support future freighter and belly cargo operations. However, the efficiency and

competitiveness of NMIA as a cargo gateway will depend on timely delivery of fit-for-purpose infrastructure, adequate landside connectivity, and a commercially sustainable tariff framework.

In this regard, LHG supports AERA's proposal to exclude approximately ₹2,204 crore of unawarded, unverified or premature capital expenditure from the current Regulatory Asset Base. Users should not be required to bear the cost of speculative or future-facing investments that do not provide immediate operational benefit during the First Control Period.

Feedback from current exporters and logistics stakeholders suggests that the "soft infrastructure" required to steer exports from CSMIA to NMIA is not yet in place. Specifically, there is a noted absence of forwarder offices and functional warehouses in the immediate vicinity of the airport boundary. While CA Clause 18.4.2 mandates that NMIAL provide space for cargo agents within the terminal, an external ecosystem of customs brokers and logistics providers is essential for a high-volume gateway. Without this established environment, a seamless transition of cargo from CSMIA is unlikely to occur at the speed projected in CP Table 13, which assumes NMIA will handle over 3.96 lakh MT of cargo as early as FY 2026-27. Furthermore, the Authority must consider NMIAL's own admission in MYTP Paragraph 5.5 that the intended cargo site "will not be available during the initial phases of airport development," which further justifies a more conservative and realistic volume projection for the First Control Period.

We would also like to draw the Authority's attention to the issues raised by various stakeholders during the AUCC meeting held on 28 February 2025. The AUCC process plays an important role in facilitating constructive dialogue among stakeholders, enabling amicable resolution of issues and minimizing avoidable delays.

We wish to submit the following request regarding the consultation process to ensure it remains transparent and aligned with the principles of the AERA Act and the Concession Agreement:

We recommend that the Authority adopt a procedural sequence where the Stakeholder Consultation Meeting is held after all the stakeholders have filed their comments. 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.

We request that the Authority provide airlines and other stakeholders a formal opportunity to review and provide counter-comments on the comments submitted by



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the Airport Operator. Allowing this feedback before the issuance of the final Tariff Order will be helpful to ensure a balanced approach for all stakeholders and full transparency. This will also ensure that the final order is well-reasoned and will significantly minimize the potential for future litigations or procedural disputes.

We also reserve our right to add to and/ or amend the aforesaid comments, if so required.

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For Lufthansa German Airlines

**Dated: April 17<sup>th</sup>, 2026**