

Q&A | M. Thiagarajan, managing director, Paramount Airways

'Consolidation will redefine values'

M. Thiagarajan, managing director, Paramount Airways, who is the world's youngest managing director of an airline, has made headlines in the sector. Mr Thiagarajan who is 31 years old is a business management graduate and belongs to a famous business family. He is the grandson of well known philanthropist

Karamathu Thiagarajan, who is also the founder of the Bank of Madras. Today, Mr Thiagarajan's airline pamperers its customers as a high-value carrier. In an interview with this newspaper, Mr Thiagarajan talked of his vision for Paramount Airways, its business model, consolidation in the industry and how he hopes to tackle the shortage of pilots in the future.

Excerpts from an interview with SANGRETHA KANDAWEL:

In a very short span you have positioned your company well in the market. What is your

business strategy?

We have already established leadership position in southern India with 26 per cent market share. We have positioned ourselves as a high-value carrier at the top end of the airline pyramid. This model clearly recognises the need of the modern business traveller and provides value added services at no extra cost. It is in a way unique because no airline in India pamper the customer so much and allows him to indulge in absolute comfort at a cost he is at ease with. We would like to be an aspirational brand with every air-customer aspiring to fly Paramount.

Business is mushrooming in Tier I and II cities. How will you tap these smaller cities?

As a regional airline today, we are operating to most of the smaller airports in the South be it Coimbatore, Madurai, Kochi, Thiruvananthapuram or Visakhapatnam. Our business model

is basically to establish connectivity with smaller II and III tier towns and therefore it becomes essential for us to operate in these airports. We will be following the same strategy in all the markets we enter.

How grave is the shortage of trained pilots in India?

We already have around 300 aircraft flying with all airlines and to a large extent we are all using expert pilots to fly them. This figure is likely to move up by another 250 aircraft by 2010 and there will be a requirement for another 500 pilots. There is going to be a tremendous shortage of pilots, if we do not plan and create a source pool for the near future. The entire airline industry has to look at this closely and see that the chasm is not too big.

You have plans to set up a pilot training academy and a tie-up with an international university? Will Brazilian aircraft manufacturer Embraer



M. Thiagarajan

join hands for this?

We would like to build something that is in line with our belief-system of creating the best and sure enough talks are under way. We should be able to show some substantial progress in this area in the near future.

Yes, there is every possibility as we have a lot of synergy with Embraer.

What about acquisitions? Is there any truth in your plans to acquire the Madras owned Go-Air?

I would not like to comment on media speculation. As part of our inorganic growth, we are looking at acquisitions as a strategic direction provided the valuations and the synergies are right. We need to take a long-term view of such plans.

How many passengers does Paramount carry annually?

We carry nearly a million passengers annually and our customers have found our pricing to be very comfortable. They perceive the value-addition on our flights and that's the reason we have 100 per cent customer retention.

Who are your competitors in the market at present?

We are developing a niche for ourselves as something very different even from a normal service carrier. The core of our business philosophy of pampering the customer every step of the way would provide us with the necessary differentiation and though we might be seen as aligned to normal service carriers, we are in the process of building a brand niche which would help us stand out from the rest.

Jet Airways has acquired Air Sahara, Kingfisher has acquired a major stake in Air Deccan and Air India and India are merging. Has this affected you?

All these are part of the consolidation process that is happening in the industry today. This could be very important, as it would improve efficiencies in terms of substantial cost savings and customer-orientation in terms of better networking. Airline companies who have a mismatch between deployment

of resources versus productivity would find themselves up for grabs, because the consolidation process will redefine the business values and bring in a new benchmark at every operational level. We have been profitable on all the routes. Our load factor is as high as 80-85 per cent and has a good yield management.

What are your future plans for Paramount Airways?

We plan to acquire 40 more Embraer jets over a period till 2011 and this would help in our expansion of routes. We plan to enter western India shortly and separate it with the same model covering II and III tier cities to the western hub and thereafter look at the northern market and the rest of India. We would like to establish a national footprint by 2011 as the most preferred airline through quality delivery and innovation. Thereafter we will make every attempt to make Paramount Airways a global brand.