

Paramount to buy 10 Airbus A-321

Airline to launch international operations

Our Bureau

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The Chennai-based Paramount Airways has signed a Memorandum of Understanding with the European aircraft manufacturer, Airbus Industrie, to purchase 10 Airbus A-321 aircraft, with the option of buying another 10, at an estimated price of \$ 1.5 billion.

The airline plans to use these aircraft to start its international operations, the Managing Director, Mr M. Thiagarajan, said on Friday.

"We have placed confirmed orders for 10 aircraft. The airline has the option of taking another 10 aircraft also. The entire deal is being financed by the European Central Bank (ECB). The delivery of the first aircraft will take place in the last quarter of next year. The aircraft will be used mainly to operate flights to Far East, West Asia and Africa," Mr Thiagarajan added.

Generally, ECB loans fi-



Mr M. Thiagarajan

nance almost 85 per cent of the cost of the acquisition.

Globally, a number of airlines opt for some firm orders and some options while purchasing aircraft. This gives them the flexibility of either converting the options into firm orders or surrendering them in case the air traffic market is subdued.

FIRST STEP

The MoU with Paramount is among those signed by Airbus for 69 aircraft worth an estimated \$6.5 billion at the ongoing Paris Air Show. An MoU is the first step towards

purchasing an aircraft. The airline will now have to confirm the order before Airbus can deliver it, industry sources said.

"Paramount will receive all the 10 aircraft, which have been booked as firm orders, within two years of delivery of the first aircraft. The exact time schedule of the deliveries has not yet been firmed up," said Ms Miranda Mills, Vice-President, Sales, India, Airbus.

Currently, Paramount Airways is not eligible to fly on international routes as it does not meet the Government stipulated norms of having completed five years of domestic operations and having a fleet of 20 aircraft to operate international flights.

It has a fleet of five Embraer aircraft which are used to operate 52 daily flights. The airline will, however, complete five years of operations by the time the first Airbus aircraft arrives, Paramount officials said.