

'There are no low-cost carriers, they are just low-fare ones'

Paramount Airways' Managing Director M Thiagarajan insists that his is the only profitable airline in the country, but refuses to share the company's balance sheet with the media. "Top line is vanity, bottom line is sanity and cash flow is reality," is how he summarises the success of Paramount in an interview with S Kalyana Ramanathan. Excerpts from an interview:

Will the economic downturn hurt you more than others, since you are priced higher than the low-cost carriers and your customers will now be on a cost cutting mode?

No. On the contrary, Paramount will do better. Most of my customers are senior company executives. For people who stop flying business class to save money, mine is the next best option. I am priced just 10-15 per cent higher than budget carriers but offer the comfort of a business class. Paramount is an aspiration brand.

How do you manage to make profit when other airlines are bleeding?

I have the highest load factor in the industry at 69 per cent. We are more aggressive on the cost side. The key to success is the frequency of flights. Today we fly 2000 passengers every day in the southern sectors, giving tremendous economies of scale. In the

south, we have the largest market share of 26 per cent. Further I don't think there is anything called low-cost carriers, there are only low-fare carriers. Except for the sales tax on fuel, we share the same cost on all other accounts, be it landing fee, parking charges, maintenance or pilot and staff costs. Since we run smaller aircraft (Embraer, less than 40 tonnes and less than 80 seats), we pay 4 per cent as sales tax on fuel while others pay anywhere between 29-32 per cent. This is a pure common sense business.

Are you looking at any new revenue streams related to the airline business like MRO (maintenance, repair and overhaul)?

Our cargo service has now been made into a separate division and a new profit centre. We are looking at high-value, small-package cargo. Today we have 100 tonnes of free cargo capacity in our routes.



At Rs 50-100 per kg, this could become a new revenue stream for us. We have a new warehouse in Chennai and are also planning to tie up with international cargo carriers for the last mile connectivity in our routes in India. We will set

up a web portal for our cargo customers to track their packages. We are also looking at catering services that can service other airlines too. We will firm up our plans on that in the next 60 days and probably launch it by January next year.