

FLEET EXPANSION

Paramount Airways to buy 10 A321 passenger jets

Each jet carries a list price of \$90.3 mn; can carry 150 passengers in the no-economy configuration

BY P.R. SANJAI &
TARUN SHUKLA
MUMBAI/ NEW DELHI

Domestic carrier Paramount Airways Pvt. Ltd has signed an agreement at the Paris Air Show with European airplane maker Airbus SAS to buy ten A321 passenger jets and an option to buy 10 more.

The fleet expansion will allow Paramount to start international operations in 2010. This is the only such big order from an Indian airline firm in about two years.

Each Airbus A321 carries a

list price of \$90.3 million (Rs434.34 crore) but it is likely that, given the global economic slowdown, Airbus would offer some additional discounts.

"That is one (reason)," chairman M. Thiagarajan said, referring to the timing of the purchase, adding that the aircraft was a good strategic fit for the carrier on the routes it wishes to ply.

Miranda Mills, Airbus' vice-president, sales, India, speaking to *Mint* over phone from Le Bourget in France, declined to specify the discounts offered to the carrier but recalled "fierce negotiations."

"We have had a busy day," she said. "Obviously we provide excellent aircraft at competitive prices worldwide."

The agreement will have to be converted into a firm order in a few months in consultation with the airline, Mills said.

The purchase comes at one of the worst times for civil aviation in India, which has seen falling passenger numbers in recent times.

Domestic carriers are expected to post combined losses of at least \$2 billion for the fiscal year ended 31 March.

Breaking with its earlier plans, Paramount, which flies a fleet of five Empresa Brasileira de Aeronáutica SA-made Embraer aircraft in the domestic market, will use the Airbus A321 for its overseas routes instead of the wide-bodied aircraft it had considered earlier.

The carrier will complete five years of domestic operations in 2010. Under Indian regulations, a carrier can start overseas operations after having serviced Indian skies for at least five years.

Paramount's new international flights will include



Overseas routes: Paramount's M. Thiagarajan has said the carrier has got a commitment from European funding agencies to finance the purchase. The carrier will complete five years of domestic operations in 2010.

routes in West Asia, South-East Asia and Africa.

"We are repeating the Embraer story in international routes, too. When other carriers are bleeding with large planes such as Boeing 777s and Airbus A330s, we are opting for small and mid-size Airbus planes," said Thiagarajan, adding that the carrier has got a commitment from European funding agencies to finance the purchase.

Following its domestic model, the international flights will also have only first and business classes, Thiagarajan said.

A typical Airbus A321 can include about 180 seats in an all-economy configuration, but Paramount's A321 are likely to have 150 seats in the no-economy configuration.

A first class cabin will come with flat beds while business class offers extra reclining seats and greater legroom.

Aircraft manufacturers typically label an order as confirmed after a small deposit, also known as the option price, is paid by the carrier while the bulk of the price, called the exercise price, is paid as aircraft delivery approaches. India's airlines together have a fleet of around 376 aircraft, with another 393 on order, according to aviation consultancy Centre for Asia Pacific Aviation. pr.sanjai@livemint.com