

# Spreading wings

Chennai-based Paramount Airways is soaring high with a new cargo division, plans for a pan-India presence and ambitious fleet expansion.

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There are several advantages in choosing the road less taken. Perhaps, Paramount Airways Managing Director M Thiagarajan could shed more light in this matter.

Thiagarajan, a pilot with a passion for flying, established Paramount Airways in 2005. Since then, he and his airline have not looked back. The airline, promoted by the Madurai-based textile major Paramount Group, has established itself firmly in south India.

With a unique business model, a slow and steady expansion plan and a sharp focus on costs, the aviation company has managed to stay afloat and expand even as its peers find the going tough in the days of an economic slowdown. When low-cost carriers (LCCs) were the buzzword, Paramount went for a full-service, business class airline.

"There are no low-cost carriers in India. There are only low-fare carriers," notes the Paramount chief, rightly indicating that the cost incurred by so-called LCCs is the same as their elite-class peers. India is yet to have the kind of LCC culture prevalent in the West in the form of separate LCC airports and other infrastructure. Interestingly, though it is a full-service airline, Paramount has been modelled along the lines of an LCC and in many cases it has been more aggressive than others while attacking costs.

Paramount adopted the 70-seater Embraer planes, which are fuel-efficient and require less maintenance. It was at a time when others went for bigger, 180-seater planes. No wonder,

the airline has been able to keep a tight leash on costs. Riding on a booming economy, when other airlines outdid their rivals by announcing new flights and routes and went on a senseless expansion spree, here was Paramount content with being a regional player. It is today the market leader in the South with a 26 per cent share.

There is no economy class in Paramount Airways. "After all, luxury should be everyone's prerogative. This is the reason why all our passengers travel elite business class because we believe in pampering them at every step," stresses Thiagarajan.

Thiagarajan's words are not empty boast. The airline deploys a higher number of flight attendants than others. "We deploy five cabin crew per flight against the industry average of two per flight for economy class," he points out. The higher number of crew makes it a point to ensure that its customers are in the lap of luxury.

The slowdown may have grounded ambitious plans of many airlines. But it has not been able to make a dent on Paramount Airways, with the airline betting big on many projects. After making its mark in the south Indian market, it is flying westwards.

## Focus on cargo

The Chennai-based aviation company is planning to launch a door-to-door cargo service under its own brand. It currently transports cargo of about 100 tonnes a day from one airport to another. The company wants to raise the cargo capacity to about 300 tonnes a day by the end of the next year.



## PARAMOUNT AT A GLANCE

Fleet size	5
Pilots	125
Cabin crew	150
Monthly flights	1,600
Passengers handled (2008)	6.3 lakh

**Destinations** Chennai, Coimbatore, Madurai, Bangalore, Hyderabad, Thiruvananthapuram, Kochi, Vizag, Trichirapalli, Ahmedabad, Goa and Pune

"We plan to launch an all-encompassing cargo division. It will be for door-to-door cargo service and will be introduced under the brand name Paramount," adds Thiagarajan. The division is set to focus on medical cargo, horticulture, floriculture and aquaculture.

"It will transport goods that have time sensitivity," he notes. He has, however, refused to specify any timeframe for launch of the service.

Paramount MD Thiagarajan is planning to saturate the western India market before going national.

At present, the airline underwrites the belly space of its five aircraft for transport of goods.

## Boosting revenues

As liquidity crunch hits companies across segments, Paramount Airways is looking at new revenue streams. As a part of its strategy to increase revenues from existing resources, the carrier is focusing on in-flight shopping. It will offer cosmetics and other lifestyle-related goods to its passengers. "We will focus on in-flight shopping and offer cosmetics and lifestyle products. We will deliver the goods to buyers at the airport itself," clarifies Thiagarajan.

The airline has launched tickets for Rs 2,000 (all-inclusive) for the business class under the advance pur-

chase scheme to boost sales and lure passengers. It has also launched Double the Joy Offer, under which business travellers can purchase one ticket and get another complimentary ticket by paying Rs 750 more to the applicable base fare and taxes. The offer is valid for any two people travelling to the same destination.

## National footprint

The airline is in "advanced stages of talks" with aircraft manufacturers Airbus and Boeing to place orders for 7-10 planes worth about Rs 10,000 crore. It is planning to take delivery of 20 Embraer jets in the next two years.

"We are in advanced stages of talks with both Airbus and Boeing for placing orders for 7-10 of A350s or Boeing 787s," Thiagarajan adds. The

carrier is also in the process of expanding its existing fleet of five Embraer jets with delivery of two aircraft in March and another six in the next financial year. It will have a total of 25 planes by 2010-2011.

After establishing itself in south India, Paramount is now nursing an ambition for a pan-India expansion. It is aiming at having a national presence by 2011. As a first step, the carrier is now focusing on its nascent west India operations.

In the western region, the aviation company flies to destinations like Pune, Goa and Ahmedabad from a host of southern cities. The airline currently has 1,600 flights a month, which it plans to increase to around 2,200 in the next six months.

The company is looking at making Mumbai its regional hub for operations in western India. It has set the ball rolling to add another 600 flights per month in the first half of calendar year 2009.

"We have already started our operations in western India. We plan to saturate the market and be the most dominant player in the West by the end of 2009," Thiagarajan emphasises. In line with its planned expansion, the carrier is set to hire 500 pilots and 600 cabin crew in the next two years as it eyes nationwide presence and a five-fold increase in fleet size by 2011. The airline is looking beyond India's shore. It wants to commence its international operations by 2013 with Airbus or Boeing jets.

Paramount is living up to the age-old business wisdom that recession is the best time to create wealth. When its rivals were trapped in a rat race of meaningless expansion during the boom time, Paramount pursued a steady plan and strengthened its market share in south India. Now as the slowdown casts its long shadow, the airline sees it as the right time to spread its wings far and wide.