

AVIATION

READY FOR TAKE-OFF

Deccan Aviation Lanka is ready to roll down the runway as Sri Lanka anticipates growing tourist numbers.



MEDIA SERVICES PHOTOFILE (DECCAN AVIATION)

With most developed economies hit hard by the global economic downturn, many industries the world over are feeling the pinch. Among the worst affected is the global aviation industry, with shrinking consumer spending that has hit airline revenues and bottom lines.

Analysing global trends, Managing Director of Deccan Aviation Lanka, Suren Mirchandani states: "Although 2008 was our best year ever, we are projecting that the effects of the global economic crisis will be felt in 2009, particularly in the helicopter segment. This is primarily due to helicopters being directly connected to tourism, and no one is prepared to say that tourist numbers are going to increase this year, despite the end to the almost 30-year war in our country."

Deccan Aviation celebrates its fifth anniversary of operations this year, and Mirchandani recalls that the company's vision back in 2004 was to provide a unique service to connect all parts of Sri Lanka, infusing a new dimension into aviation in the country. "We are pleased that we have grown and become more than a helicopter company," he remarks.

While the fixed-wing aircraft operates at full capacity with over 15 weekly flights to Jaffna and is also chartered internationally, Mirchandani explains that Deccan helicopters, which have faced many challenges, have nevertheless continued operations, offering an uninterrupted service despite a dearth of tourism traffic.

"The travel advisories imposed on Sri Lanka together with the global downturn, which saw fewer visitors from long-haul destinations, continue to negate the benefits that peace has brought into the island and continue to apply downward pressure on inbound numbers," he points out.

On the other hand, Mirchandani says that these trends were perceived by Deccan way back in 2008 and plans were made to ensure minimum impact. "Our fixed-wing business has not been affected due to the global econom-

ic crisis as we provide vital transport between Jaffna and Colombo, one area in which we see massive growth in the next few months. With the dawn of peace and opening of road and air traffic, the economy is bound to expand and opportunities will undoubtedly emerge," he says.

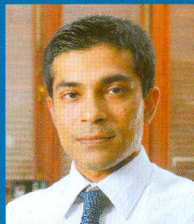
But compared to last year, the helicopter business has seen a decline; and to stem the tide, "some drastic measures were taken", he discloses. "We rationalised our costs and transferred personnel into airline operations. We are also actively and aggressively discounting our services, while also partnering hotels and resorts we work with to increase business. One area in which we will not rationalise is in employee cost-cutting, and we hope it can remain that way. However, with the cost-management measures already implemented, we have reduced our costs by around 25 per cent which certainly helps."

Mirchandani also explains that expansion plans for the fixed-wing segment will bear fruit in 2009. "We see the dynamics changing a little and while currently we offer a mid-size aircraft, we are looking for a smaller aircraft to meet the needs of the cost-conscious traveller to smaller airfields throughout the country and possibly even a slightly larger aircraft to accommodate some of the additional demands that are bound to arise from Colombo to Jaffna," he states.

Looking back over the five years that Deccan has been in operation, Mirchandani says that while the original plan to provide aviation services for tourists and corporate clients in Sri

Lanka did not materialise, the ensuing challenges provided opportunities for innovation – and Deccan filled those niches, thus paving the way for exciting and rewarding growth for the company.

In conclusion, Mirchandani strikes an optimistic note: "This year will see Deccan expanding, but it's too early to speculate on how the world sees Sri Lanka. I believe the good news that Sri Lanka is a safe destination will take at least one year to filter through to the global community – and once that happens, the sky's the limit."



Suren Mirchandani
Managing Director