

Swan Group Subsidiary leases out its FSRU vessel to Turkey's Botas

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Swan Energy Limited (SEL), a diversified conglomerate with interests in oil and gas, textile and infrastructure businesses, through its subsidiary Triumph Offshore Private Limited (TOPL), has signed an agreement to lease out its Floating Storage Regasification Unit (FSRU) vessel named Vasant One to Botas, Turkey's state-owned natural gas and LNG firm.

The lease arrangement is generating daily rental of \$250,000 or about Rs.2 crore (as per the present exchange rate) for SEL. The annualized cash accruals from the agreement amount to approximately Rs.800 crore. The duration of the lease agreement is for 12 months and is extendable on this basis of mutual agreement.

Based on the bare boat charter, TOPL has leased out only the bare FSRU vessel to Botas and Botas will manage the operational expenses including fuel, crew, insurance, maintenance, and repair. As a result, TOPL does not incur any operational expenses during the lease tenure. This type of lease arrangement implies that the lease rentals earned essentially add to the EBIDTA of the company.

Commenting on the lease arrangement, Rishi Chopra, spokesperson of Swan Energy Limited said, "The lease agreement based on bare boat charter will enhance the rental earning capabilities of the FSRU. The net revenue from the annual rental will strengthen the profitability position of the company. By renting out the FSRU to Botas, we aim to play an enabling role to boost LNG exploration initiatives of the Turkish government to build clean energy preparedness and meet growing demand for FSRU's in that market."

Source: Swan Group