
FIPB approves Hitech Infra investment in Krishnapatnam Port

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Exim News Service reported that the Foreign Investment Promotion Board has cleared the investment proposal of Mauritius based Hitech Infra in Krishnapatnam Port Company Limited ignoring the objections of the Department of Revenue.

Hitech Infra which has common Directors with KPCL had invested INR 141 crore in KPCL on December 11th 2007.

The department argued that Hitech Infra borrowed funds from ICICI Bank's Bahrain branch as a term loan and subsequently invested that money in KPCL as share capital. The structure of the transaction would result in revenue loss because the interest income would not come to India.

Mr CV Rao chairman of Krishnapatnam Port Company Limited said that "We have abided by the legal provisions." The matter came to light when KPCL sought FIPB's permission to issue preference shares to another investor.

As per report, KPCL is setting up all weather, deepwater port in Nellore district of Andhra Pradesh, which is expected to handle around 100 million tonnes of cargo a year. The total cost of the project is in the region of INR 10,000 crore.

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