
CAPEX cuts - NHPC defers share sale

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Bloomberg cited Mr SK Garg chairman of NHPC as saying that NHPC Ltd has postponed a plan to sell shares following the decline in stock prices.

He said in an interview that “You must appreciate the market conditions are not conducive. We’ve deferred it and are waiting for the right time.”

He said that NHPC formerly National Hydroelectric Power Corp plans to spend INR 280 billion to more than double generating capacity by 2012l. Of this, INR 110 billion would have come from its own cash and the initial offering and INR 170 billion from borrowings. He added that it has tied up loans to meet spending needs. NHPC doesn’t face any credit problem and hasn’t deferred any projects.

According to the share sale document submitted to the Securities & Exchange Board of India in August and posted on the Web site, the power producer plans to offer 1.68 billion shares, consisting of 1.12 billion new shares and 559.1 million shares owned by the Indian government. The proceeds will be used to partly pay for the construction of seven hydropower plants.

NHPC expects to add 5,322 MW of generating capacity by 2012. The power producer has an installed capacity of 5,175 MW. The stake of the India government, which fully owns NHPC will decline to 86.4% after the issue.

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