

# Indian Express

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## VC Funding in Solar Sector at \$329 mn

**ENS Economic Bureau**

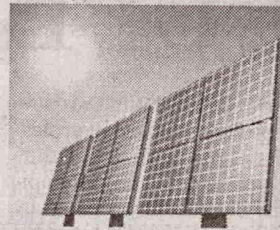
**Bangalore:** Venture Capital (VC) funding in the solar sector was off to a slow start in the first quarter of 2012, according to a report by Mercom Capital Group, a global clean energy communications and consulting firm.

VC funding for the quarter came to \$329 million in 34 deals, the lowest amount recorded since Q4 2010, the report said and added that VC investors were still very active in the sector.

"While VC's interest in the solar sector remains strong, their appetite for risk appears to be lower as the average VC funding round amount in Q1 was \$10 million, compared to \$18 million in 2011", said Raj Prabh, Managing Partner at Mercom Capital Group.

To add to the current overcapacity problems, policy changes and lower tariff announcements in some of the largest solar markets, such as Germany and Italy, will all contribute to an uncertain 2012, he observed.

There was strong M&A



activity in the solar sector totalling \$5 billion in 15 transactions. However, only four of these transactions disclosed details. The spike in M&A amounts was mainly due to the \$4.7 billion acquisition of Solutia, a performance and specialty chemicals company with products in PV encapsulants.

He said that other significant M&A transactions included the \$275 million acquisition of Oerlikon Solar, by Tokyo Electron, and Andrem Power's \$274 million acquisition of 3W Power.

There were 56 different VC investors that participated in the 34 deals. The US continued to be the dominant country for VC investments, accounting for about 80 per cent of all VC funding in the first quarter.