

## **WestBridge and Sequoia Merge**

*WestBridge Capital Partners loses identity but gains bigger brand name in India.  
May 3, 2006*

In an unusual deal for the venture capital industry, India's most active VC firm, WestBridge Capital Partners, merged Wednesday with Sequoia Capital to form Sequoia Capital India. The formation of Sequoia Capital India follows the close working relationship between the two firms over the past several years, including two co-investments in India in Bharti Telesoft and Mauj.

Silicon Valley-based Sequoia Capital has been instrumental in convincing its portfolio companies to move part of their operations to India. Two years ago, Mike Moritz, a partner at the Menlo Park, California-based firm, said the first question he asked entrepreneurs who pitched him for investments was whether they had an India plan. If they said they didn't have one, he would ask, "When will you have an India plan?"

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**-Arun Natarajan,  
TSJ Media**

Sequoia was an early investor in 24/7 Customer, now a leading business process outsourcing firm, at a time when the outsourcing of back-office operations was a new proposition and the success of such firms was an unknown quantity. Sequoia Capital India will focus on investing in the most promising high-growth companies in India. That's something WestBridge Capital Partners has been doing for several years, having invested in local market leaders such as Applabs, Bharti Telesoft, ICICI OneSource, MarketRx, Indecomm, Shaadi, and Times Internet, among others.

### **Smart Team**

Undoubtedly, Sequoia sees value in having a team on board that's made some smart decisions in recent years. Sequoia also inherits a ready-made portfolio, although the terms and future of the funds already raised by Bangalore-based WestBridge are not yet clear. No changes on the management front are foreseen in India. Sequoia Capital India will be led by the four managing directors from WestBridge—Sumir Chadha, K.P. Balaraj, Sandeep Singhal, and S.K. Jain—who will manage all the investment and firm decisions in India.

### **Deal Leverage**

The firm will be able to leverage Sequoia's network of Indian business associates through the deal. "We are seeing a significant number of very high-quality investment opportunities across the emerging growth sectors of the economy," said Mr. Balaraj, a managing director of WestBridge.

"Sequoia Capital India, which is now married to Sequoia Capital's web of contacts, connections, and resources, will be in a very strong position to build a lasting franchise in what we see as the best investment opportunities in this market," he added.

Daniel Primack, editor of PE Week Wire, believes several VC firms in the Valley don't fully understand the growth opportunities that India and China offer, and they team up with local firms. "Sequoia has taken this one step further," he said.

Mr. Primack recalls just one similar merger deal, struck in February 2005 between the global private equity group Apax Partners Worldwide and Saunders Karp & Megrue. "This deal is a shot in the arm for VC investing in India," said Arun Natarajan of Venture Intelligence India, which researches private equity and VC investments in India. "Westbridge has been among the few players to remain focused on the early-stage segment. Now, with Sequoia's brand name behind it, the WestBridge team can forge ahead to help build future Googles and Ciscos out of India."