

**PART 2A OF FORM ADV: FIRM BROCHURE**



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**This Brochure provides information about the qualifications and business practices of WestBridge Capital US Advisors, LLC (“WestBridge Capital US”). If you have any questions about the contents of this brochure, please contact Promit Bhattacharya at (650) 645-6220 or [promit.bhattacharya@westbridge.com](mailto:promit.bhattacharya@westbridge.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about WestBridge Capital US also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **ITEM 2 – MATERIAL CHANGES**

Not applicable to WestBridge Capital US. This is the first version of WestBridge Capital US' Brochure. Accordingly, there are no prior versions of the Brochure and no material changes to be noted.

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## **ITEM 4 – ADVISORY BUSINESS**

### **A. Introduction**

Founded in April of 2011, WestBridge Capital US Advisers, LLC (“WestBridge Capital US”) is a Delaware limited liability company. WestBridge Capital US provides non-discretionary investment advisory services for private investment funds (the “Funds” or “Advisory Clients”), and provides this advice currently as a sub-adviser but may also provide advice directly in the future. WestBridge Capital US focuses primarily on providing investment advice regarding investments in Indian and South Asian companies.

WestBridge Capital US is owned by Sumir Chadha (the “Principal”).

WestBridge Capital US provides investment advisory services with respect to the following Funds: (i) WestBridge Crossover Fund, LLC (the “Crossover Fund”); (ii) WestBridge Ventures I, LLC (the “Ventures I Fund”); (iii) WestBridge Ventures Co-Investment I, LLC (“Ventures I Co-Investment”); and (iv) WestBridge Ventures II, LLC (the “Ventures II Fund” and together with Ventures I Fund and Ventures I Co-Investment being the “Venture Funds”). The Funds are each Mauritius limited liability companies with limited life.

Affiliates of WestBridge Capital US have made significant investments in the Funds as “Preferred Shareholders”. Such affiliates may retain certain management rights based on their status as Preferred Shareholders of the Funds and may delegate such rights to WestBridge Capital Partners, LLC. Such rights are detailed in the private placement memorandum and Shareholders’ Agreement of the respective Fund.

WestBridge Capital Partners, LLC, a Mauritius limited liability company manages certain of the Funds’ operations. WestBridge Capital Partners, LLC is controlled by several independent directors, and the Principal has a partial ownership interest in the entity.

WestBridge Advisors Private Limited, a company incorporated under the laws of India (the “Indian Advisor”), provides investment advisory services to WestBridge Capital Partners, LLC as an independent contractor.

Investors in the Funds (“Investors”) have been, and future Investors will be, notified of the role of WestBridge Capital Partners, LLC and the Indian Advisor in the private placement memorandum of the relevant Fund.

### **B. Investment Services**

WestBridge Capital US generally has broad and flexible authority to make investment recommendations with respect to the Advisory Clients. Each Fund’s investment objectives and strategy are set forth in the applicable Fund’s private placement memorandum.

As described in further detail in Item 8.A below, WestBridge Capital US provides investment advice with respect to the Venture Funds and the Crossover Fund. The Crossover Fund typically

invests in high growth public companies with limited liquidity (i.e., “quasi private” companies) and selected private companies in India, or companies which have a significant nexus or business linkages with India and South Asia. The Venture Funds typically invest in equity and equity-related investments primarily in Indian and non-Indian companies, which have business linkages to India, in the technology and technology-enabling sector.

### **C. Advisory Services**

WestBridge Capital US does not tailor its advisory services to the individual needs of Investors. However, the Funds may incorporate and abide by certain Investor-imposed investment restrictions. Investors in the Funds have no right to approve any particular investment made by the Funds. Each Fund’s board of directors selects all investments for such Fund.

### **D. Wrap Fee Programs**

WestBridge Capital US does not participate in wrap fee programs.

### **E. Client Assets**

As of February 1, 2012, WestBridge Capital US manages \$ 791,820,000 of client assets on a non-discretionary basis. WestBridge Capital US does not currently manage any client assets on a discretionary basis.

## ITEM 5 – FEES AND COMPENSATION

### A. Compensation for Advisory Services

The Funds offer interests/shares only to certain qualified investors and admission to the Funds is not open to the general public. Investors and prospective Investors should refer to the private placement memorandum of the appropriate Fund for a detailed description of the fees.

#### Crossover Fund

Investors in the Crossover Fund generally pay an annual management fee initially equal to 1.5% of investor capital commitments, of which approximately 20% to 30% is paid to WestBridge Capital US as an advisory fee. In addition, an affiliate of WestBridge Capital US receives a share of the Crossover Fund's capital gains equal to 20% of net profits, on a high watermark basis, and of which approximately 30% to 35% is received by personnel of WestBridge Capital US.

#### Venture Funds

Investors in Ventures I Fund generally pay an annual management fee of 1.75% of invested capital, of which approximately 20% to 30% is paid to WestBridge Capital US as an advisory fee. In addition, a Preferred Shareholder that is an affiliate of WestBridge Capital US receives a share of Ventures I Fund's capital gains equal to a cumulative net 20% of net profits of Ventures I Fund, and of which approximately 21% is received by personnel of WestBridge Capital US.

Investors in Ventures I Co-Investment do not pay an annual management fee or carried interest.

Investors in Ventures II Fund generally pay an annual management fee of 2.5% of the cost basis of securities held, of which approximately 20% to 30% is paid to WestBridge Capital US as an advisory fee. In addition, a Preferred Shareholder that is an affiliate of WestBridge Capital US receives a share of Ventures II Fund's capital gains equal to a cumulative net 20% of net profits of Ventures II Fund and of which approximately 29% is received by personnel of WestBridge Capital US.

WestBridge Capital US complies with Rule 205-3 under the Investment Advisers Act of 1940, to the extent required by applicable law.

**It is critical that Investors refer to the relevant private placement memorandum /or other governing documents for a complete understanding of how WestBridge Capital US is compensated for its advisory services. The information contained herein is a summary only and is qualified in its entirety by such documents.**

## **B. Fees**

WestBridge Capital US bills its clients for advisory fees. The affiliates of WestBridge Capital US receive shares of the Funds' capital gains referenced above directly from the Funds.

Generally, the management fee is payable quarterly in advance for the Crossover Fund and Ventures I Fund and Ventures II Fund. The 20% share of net capital gains from the Crossover Fund is assessed in arrears on an annual basis, although if an Investor withdraws from the Crossover Fund on a date other than the last day of a fiscal year, the 20% share of net capital gains is made with respect to the amount withdrawn. The 20% share of net capital gains for Ventures I Fund is determined at the time that an investment by Ventures I Fund is disposed of, and is only payable after and to the extent that the Investors in Ventures I Fund have been distributed their capital contributions in respect of such investment and previously disposed investments, a pro rata share of expenses incurred to date, and a 10% Preferred Return. The 20% share of net capital gains for Ventures II Fund is determined at the time that an investment by Ventures II Fund is disposed of, and is only payable after and to the extent that the Investors in Ventures II Fund have been distributed their cumulative capital contributions to date in respect of such investment.

**It is critical that Investors refer to the relevant private placement memorandum, /or other governing documents for a complete understanding of how WestBridge Capital US is compensated for its advisory services. The information contained herein is a summary only and is qualified in its entirety by such documents.**

## **C. Expenses**

Each Fund will bear and does bear its own organizational expenses and operating expenses including: Fund legal, compliance, administrator, audit, tax preparation and accounting expenses (including third party accounting services); directors' fees, organizational expenses; investment expenses such as commissions, research fees and expenses; travel expenses, systems and technology expenses, interest on margin accounts and other indebtedness; borrowing charges on securities sold short; custodial fees; bank service fees; Fund-related insurance costs; and any other expenses related to the purchase, sale or transmittal of Fund assets.

With respect to the Venture Funds, management fees payable may be reduced as an offset against fees received by the respective affiliate or its shareholders from portfolio companies (the "Management Fee Offset"). WestBridge Capital US, WestBridge Capital Partners, LLC, the Indian Adviser and their respective affiliates pay all of their respective normal operating expenses including employee salaries, rent, communications and travel expenses associated with matters internal to each of them.

Please refer to Item 12 of this Brochure for information regarding the brokerage practices of WestBridge Capital US.

**It is critical that Investors refer to the relevant private placement memorandum, or other governing documents for a complete understanding of how WestBridge Capital US is**

**compensated for its advisory services. The information contained herein is a summary only and is qualified in its entirety by such documents.**

#### **D. Advance Payment of Fees**

Management fees are payable quarterly in advance.

Investors in the Venture Funds are generally only able to withdraw from the respective Venture Fund with the consent of the Preferred Shareholder.

In the case of the Crossover Fund withdrawals will be subject to significant conditions and restrictions, which are set forth in the Crossover Fund's governing documents. Such conditions, restrictions, and limitations may include, without limitation:

- The condition that withdrawal or redemption requests be properly submitted in accordance with the relevant Fund documents and in a timely manner;
- The condition that the 4-year lock-up period has been completed;
- Restrictions due to side pocket investments;
- The condition that withdrawals or redemptions have not been suspended (in whole or in part) or postponed;
- The condition that withdrawal payments may only be made on a semi-annual basis;
- Limitations on the amount that may be withdrawn by an Investor on any withdrawal date, such that an Investor may only withdraw capital over 8 consecutive withdrawal dates;
- Limitations on the amount paid to a withdrawing Investor due to fees, expenses and/or reserves for certain contingencies, among others; and
- Limitations on the method of withdrawal payments (i.e., in cash or in kind).

The Funds may waive or modify the conditions relating to withdrawals by Investors, including Investors that are principals, employees or affiliates of WestBridge Capital US or its affiliates.

**It is critical that Investors refer to the relevant private placement memorandum, or other governing documents for a complete understanding of how WestBridge Capital US is compensated for its advisory services. The information contained herein is a summary only and is qualified in its entirety by such documents.**



## **ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

As described in Item 5.B above, WestBridge Capital US (or an affiliate) receives performance-based compensation from Investors, other than Investors in Ventures I Co-Investment. As a result, WestBridge Capital US has a conflict of interest if, in any time period, one fee structure would cause higher fees to WestBridge Capital US and its affiliates than the other fee structure, because WestBridge Capital US would have an incentive to favor the account that would pay the higher fees. To address this conflict, WestBridge Capital US typically allocates all investment opportunities between Ventures I Fund and Ventures I Co-Investment on a pro rata basis, based on their respective assets. In addition, WestBridge Capital US has policies and procedures to review client account investment allocations on a regular basis for funds actively making new investments or in other relevant circumstances.

It should be noted that the possibility that WestBridge Capital US (or an affiliate) may receive performance-based compensation creates a potential conflict of interest in that it may create an incentive for WestBridge Capital US to recommend investments that are riskier or more speculative than in the absence of such performance-based fee compensation. The Funds disclose to its Investors how performance-based compensation is calculated with respect to a particular Fund and the risks associated with such performance-based compensation in its private placement memorandum.

## **ITEM 7 – TYPES OF CLIENTS**

WestBridge Capital US provides investment advisory services to pooled investment vehicles operating as private investment funds.

Each Investor in the Funds must meet the eligibility provisions outlined in Item 5.A, above. Investors in Ventures I Fund and Ventures II Fund are required to make minimum capital commitments of \$5 million per institutional or corporate investors, and \$1 million per individual. Investors in Ventures I Co-Investment are required to make minimum capital commitments of \$100,000. Investors in the Crossover Fund are required to make minimum capital contributions of \$10 million per institutional or corporate investors, and \$1 million per individual. These minimums may be reduced or waived at the discretion of the Funds' directors.

## **ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **A. Methods of Analysis and Investment Strategies**

#### Crossover Fund

WestBridge Capital US analyzes companies serving the US and European markets that it believes are well positioned to capitalize on the growth of the Indian technology and technology-enabling sector. WestBridge Capital US seeks to provide guidance with regard to investments in Indian and Southeast Asian companies that have management teams with an established track record and significant experience in their respective industries. Specifically, WestBridge Capital US' analysis generally focuses on early- to mid-stage investments in private companies in the Indian software services, internet services and software products and remote processing services industries. When analyzing potential investments in the above mentioned sectors, WestBridge Capital US generally seeks to recommend companies that meet the following criteria:

- A strong existing management team or the ability to supplement an existing management team by recruiting new talent;
- A proprietary or established technology, service concept or business model;
- Unique characteristics of the technology, marketing ability and/or market position;
- Potential to be a market leader;
- Limited competition;
- High revenue growth potential with reasonable capital requirements;
- Ability to acquire a meaningful ownership interest at a reasonable valuation;
- Management expectations to support realizing shareholder value; and
- Ability for the Fund to add value and to exercise influence, regardless of the size of its ownership interest.

#### Venture Funds

WestBridge Capital US recommends to the Venture Funds investments in Indian and non-Indian companies, which have business linkages to India, principally involved in the technology and technology-enabling sectors. WestBridge Capital US targets primarily information technology ("IT") companies whose business plans envisage a large export component to the US market or significant US-based operations. In a similar manner, but to a lesser extent, WestBridge Capital US also targets IT companies that seek to access or operate in the European market. WestBridge Capital US also will consider companies that are focused on the Indian market that adopt established business concepts and revenue models that WestBridge Capital US believes are innovative as well as companies that are implementing strategy and management practices aimed at aggressive growth. WestBridge Capital US may also seek technology startups that are seeking to establish research and development facilities or back-end operations in India.

**Investing in securities involves risk of loss that clients should be prepared to bear. Investments in the Funds are appropriate for only experienced and sophisticated persons**

**who meet certain eligibility criteria, are able to bear the risk of loss or some or all of an investment, and have a limited need for liquidity**

## **B. Risk Factors**

*Portfolio investments recommended by WestBridge Capital US should be considered highly speculative and may result in the loss of the entire investment. There can be no assurance that any such losses will be offset by gains (if any) realized on the Funds' other investments.*

### Investments in Early- and Mid-Stage Companies

WestBridge Capital US generally recommends investments in the securities of early- and mid-stage companies in the Indian technology and technology-enabling industries. Investments in such early stage companies may involve greater risks than generally are associated with investments in more established companies. To the extent there is any public market for the securities held by the Funds, such securities may be subject to more abrupt and erratic market price movements than those of larger, more established companies. Less established companies tend to have lower capitalizations and fewer resources and, therefore, often are more vulnerable to financial failure. Such companies also may have shorter operating histories on which to judge future performance and in many cases, if operating, will have negative cash flow. In the case of start-up enterprises, such companies may not have significant or any operating revenues.

### Changes in India's Political, Social and Economic Climates

WestBridge Capital US generally focuses its analysis on Indian companies listed in India. Consequently, the financial performance of WestBridge Capital US' recommendations will be affected by political, social, and economic developments affecting India, including changes in exchange rates and controls, interest rates, government policies, and taxation policies. Since 1991, the government of India has pursued an economic liberalization process.

Nevertheless, the future course of the government of India's liberalization policies cannot be predicted, and changes in India's economic liberalization and deregulation policies could harm business and economic conditions in India generally and the investments recommended. In addition, the future of the Funds is dependent upon possible changes effected by current or future governments, including specific laws and policies affecting foreign investment, import tariffs, currency exchange rates, and other matters affecting investments in the Funds.

Religious and border disputes persist in India, in particular with respect to the longstanding grievances between the Hindu and Muslim populations. Moreover, India has from time to time experienced civil unrest and hostilities with neighboring countries such as Pakistan.

### Potential Overvaluation of Technology Stocks

Companies in WestBridge Capital US' target sectors which are listed on Indian or other non-US stock exchanges often have share prices which reflect relatively high valuations in relation to companies in other sectors. While technology companies globally often have comparable valuations, there can be no assurance that such valuations will be maintained in the long term.

### Investment and Repatriation Restrictions

Foreign investment in securities of Indian companies is restricted/controlled to varying degrees. These restrictions may at times limit/preclude foreign investment and increase the costs and expenses of the Funds. Investments by the Funds in Indian companies may require the approval of the Reserve Bank of India (“RBI”) and/or other governmental entities. While in some instances such approvals are routinely granted, in others approval may be more difficult to obtain and may be granted only subject to certain conditions, if at all. While Indian regulation of foreign investment has been liberalized in recent years, there can be no assurance that the Funds will be able to obtain all the approvals necessary to implement its investment program fully. Sale of securities by the Fund to another non-resident as well as further investments by the Funds in Indian companies may also require the approval of the government of India and the RBI. Please see “Indian Considerations” below for a more detailed summary of Indian legal and regulatory considerations.

### Exchange Rate Fluctuations

Investors in the Funds invest in U.S. dollars. Investors may run a currency devaluation risk from the time investment funds are brought onshore into India or the jurisdiction in which the investee company is located via Mauritius to finance investments until the rupee or the concerned currency repatriation of the Fund in U.S. dollars following an investment’s realization. With India expected to move towards full convertibility by introducing capital account convertibility, the rupee may experience volatility.

### India-Mauritius Double Taxation Treaty

The Mauritius legal framework under which the Fund invests in India may undergo changes in the future, which could impose additional costs or burdens on Fund operations. Future changes to Mauritian or Indian Law, or the Agreement for Avoidance of Double Taxation between India and Mauritius (the “Tax Treaty”), or the interpretations given to them by regulatory authorities could impose additional costs or obligations on Fund activities and status in Mauritius. Significant adverse tax consequences would result if a Fund did not qualify for the benefits under the Tax Treaty. There can be no assurance that a Fund will continue to qualify for or receive the benefits of the Tax Treaty or that the terms of the Tax Treaty will not be changed.

### Proposed Change in Indian Tax Regime

The Government of India intends to replace the current Income-tax Act, 1961 with an integrated direct tax code with effect from April 1, 2012. In this regard, the Government of India had presented the draft Direct Taxes Code, 2010 (the “DTC”) in the parliament on August 30, 2010. The DTC proposes material changes to the manner in which the Fund may be taxed. The key provisions in the DTC include:

- regarding a foreign company as resident in India if its place of effective control and management is situated in India;

- levy of capital gain tax on direct and indirect transfer of a capital asset situated in India;
- Securities held by an Foreign Institutional Investor (“FII”) to be treated as capital assets subject to capital gains tax; and
- introduction of a general anti-avoidance rule (“GAAR”) pursuant to which the Indian Revenue authorities could deny treaty benefit to a resident of another country if the transaction appears to be that of treaty shopping, or if it lacks substance.

There can be no assurances as to the implications of the final DTC on the Fund, its investment program, and its financial condition.

Securities Markets.

It is anticipated that many of the portfolio companies in which the Funds invest will have their securities listed with an Indian stock exchange at the time of, or after, the Fund’s investment. In connection with such a listing, a Fund will generally be required to agree not to dispose of its securities in the portfolio company for a certain period and accordingly, despite such listing, a Fund’s investments may remain illiquid for a significant period. Securities listed on the Indian stock exchange may have low market capitalization and trading volume. There can be no assurance that sales on the Indian stock exchanges will provide a viable exit mechanism for the Fund’s investments.

Indian securities markets are substantially smaller, less liquid and more volatile than securities markets in the US. There are 20 recognized stock exchanges in India, including the Over the Counter Exchange of India. Most stock exchanges are governed by regulatory boards. The Bombay Stock Exchange Limited (“BSE”) and the National Stock Exchange of India Limited (“NSE”) have nationwide trading terminals and, taken together, are the principal Indian stock exchanges in terms of the number of listed companies, market capitalization and trading volume. The relatively small market capitalizations of, and trading values on, the BSE and NSE may cause the Fund’s investments in securities listed on these exchanges to be comparatively less liquid and subject to greater price volatility than comparable US investments.

#### Enforcement of Foreign Judgments

The Indian companies in which the Funds will invest will be companies incorporated under the laws of India. Generally, the directors, executive officers and a substantial portion of the assets of such companies are located in India. It may be difficult for a Fund to obtain a judgment in a court outside India to the extent that there is a default with respect to the security of an Indian issuer or with respect to any other claim that a Fund may have against any such issuer or its directors and officers. As a result, even if a Fund initiates a suit against the issuer in a US court, it may not be possible for it to (1) effect service of process in India, (2) enforce court judgments obtained outside India against Indian companies or the directors and the executive officers of such Indian companies and (3) obtain expeditious adjudication of an original action in an Indian court to enforce liabilities against Indian companies or the directors and executive officers of such Indian companies. Moreover, if a Fund obtains a judgment in a US court, it may be difficult to enforce such judgment in India since the US has not been declared by the Government of India to be a reciprocating territory. A judgment of a court (which has to direct the payment of a certain sum against the defendant) in a jurisdiction that is not a reciprocating territory may be

enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit must be brought in India within 3 (three) years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action were brought in India. It is uncertain as to whether an Indian court would enforce foreign judgments that would contravene or violate Indian law or public policy. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive, as a penalty or inconsistent with public policy.

### Non-Controlling Investments

WestBridge Capital US may recommend non-controlling investments. Therefore the Funds may have a limited ability to protect their interests in such companies and to influence such companies' management. There can be no assurance that minority shareholder rights will be available or will provide the desired protections. Also, in certain circumstances the Funds may take a controlling interest in or otherwise exercise control over portfolio companies, which could expose the Funds to additional risks.

### Small- and Medium-Capitalization Companies

WestBridge Capital US may recommend investments in the securities of companies with small to medium-sized market capitalizations. While WestBridge Capital US believes they may provide significant potential for appreciation, those stocks, particularly small-capitalization stocks, involve higher risks in some respects than do investments in securities of larger companies. For example, prices of small-capitalization and even medium-capitalization securities are often more volatile than prices of large-capitalization securities and the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) is higher than for larger, "blue-chip" companies. In addition, due to thin trading in the securities of some small-capitalization companies, an investment in those companies may be less liquid.

### Non-U.S. Securities

WestBridge Capital US generally recommends investments in non-U.S. securities. Investing in these securities involves considerations and possible risks not typically involved in investing in securities of companies domiciled and operating in the United States, including the instability of some foreign governments, the possibility of expropriation, limitations on the use or removal of funds or other assets, changes in governmental administration or economic or monetary policy (in the United States or abroad) or changed circumstances in dealings between nations. The application of foreign tax laws (e.g., the imposition of withholding taxes on dividend or interest payments) or confiscatory taxation may also affect investment in non-U.S. securities. Higher expenses may result from investment in non-U.S. securities than would from investment in domestic securities because of the costs that must be incurred in connection with conversions between various currencies and foreign brokerage commissions that may be higher than in the United States. Non-U.S. securities markets also may be less liquid, more volatile and less subject to governmental supervision than in the United States. Investments in foreign countries could be affected by other factors not present in the United States, including lack of uniform accounting,

auditing and financial reporting standards and potential difficulties in enforcing contractual obligations.

### Venture Capital Investments

WestBridge Capital US generally provides investment advice regarding unlisted companies whose securities should be considered to be illiquid. Such illiquidity may adversely affect the ability of the Funds to acquire or dispose of such investments. The Funds typically invest in securities which are not traded freely now and may not be freely traded in the future. These investments may be difficult to value and to sell or otherwise liquidate and the risk of investing in such companies is much greater than the risk of investing in publicly traded securities. Moreover, these unlisted companies are not regulated by the same disclosure and investment protection norms that apply to listed companies.

### Additional Risk Factors

Additional risks may also include the following:

- Funds may not achieve their investment objectives. A Fund's strategy may not be successful and Investors may lose some or all of their investment.
- WestBridge Capital US and its affiliates may spend time on activities that compete with a Fund without accountability to Investors, including investing for other Funds and for their own accounts. If WestBridge Capital US receives better compensation and other benefits from managing other assets or Funds compared to managing a particular Fund, it has an incentive to allocate more time to those other activities.
- WestBridge Capital US may provide certain Investors more frequent or detailed reports, special compensation arrangements and withdrawal rights that it does not provide to other Investors.
- A Fund's positions in an issuer's securities may be subordinated to other securities of the issuer with respect to economic, management and other rights.
- Portfolio companies may require substantial additional capital to support growth or maintain a competitive position. Such capital may not be available on attractive terms. Each Fund will have limited capital and may not be able to protect its interests from dilution if a portfolio company raises additional capital.
- A Fund's investment returns are dependent on portfolio companies engaging in a liquidity event (such as an initial public offering, merger or sale). There can be no assurance that a portfolio company will be able to consummate such a liquidity event at a proper time or favorable valuation.
- The secondary market for venture capital companies is highly competitive. WestBridge Capital US may not be able to make investments on attractive terms or to invest all of a Fund's capital.



- The Funds may establish reserves for follow-on investments in portfolio companies, operating expenses, liabilities and other matters. Such reserves are difficult to estimate. A Fund may not establish adequate reserves, which would have a material adverse effect on its investment returns.
- Investor sentiment on the market, an industry or an individual stock, fixed income or other security is not predictable and can adversely affect a Fund's investments.
- WestBridge Capital US may not be able to obtain complete or accurate information about an investment and may misinterpret the information that it does receive. WestBridge Capital US also may receive material, non-public information about an issuer that prevents it from recommending securities of that issuer to a Fund when the Fund could make a profit or avoid losses.
- A Fund's investments may not be diversified.
- Counterparties such as brokers, dealers, banks, custodians and administrators with which the Funds do business may default on their obligations. For example, a Fund may lose its assets on deposit with a broker if the broker, its clearing broker or an exchange clearing house becomes bankrupt.
- Changes in economic conditions can adversely affect investment performance. At times, economic conditions in the U.S. and elsewhere have deteriorated significantly, resulting in volatile securities markets and large investment losses. Government actions responding to these conditions could lead to inflation and other negative consequences to investors.
- WestBridge Capital US and its affiliates and agents generally are not responsible to any Fund or Investor for losses incurred by a Fund except in certain limited circumstances.
- There is not and will not be an active market for the interests in the Funds. It may be impossible to transfer any such interests, even in an emergency.
- Investors generally are not permitted to withdraw capital from the Venture Funds, and Investors may only withdraw capital from the Crossover Fund after a 4 year lock-up and subject to substantial restrictions. .
- The Funds will only make distributions in limited circumstances, and there can be no assurance that any distributions will be made before a Fund's liquidation, or at all.
- Investors will be required to make additional capital contributions to a Fund at the Fund's discretion. Accordingly, Investors will be required to maintain a substantial portion of their capital commitments in assets that can be readily converted to cash.
- A Investor who fails to make a capital contribution to a Fund when required to do so will be subject to significant penalties, including forfeiture of part of that Investor's prior investment in the Fund and other legal remedies.

- From time to time, a Fund may distribute assets in kind to its Investors. Such assets may be difficult or impossible for an Investor to sell.
- A Fund may dissolve at any time, even if such action adversely affects one or more Investors.
- If the assets that WestBridge Capital US and its affiliates advise grow too large, it may adversely affect performance, because it is more difficult for WestBridge Capital US to find attractive investments as the amount of assets that it advises increases.
- The attorneys who represent WestBridge Capital US and/or the Funds do not represent the Investors. Investors must hire their own counsel for legal advice and representation.
- The Funds, an administrator or any government agency may freeze assets that any of them believes a Fund holds in violation of anti-money laundering laws or rules or on behalf of a suspected terrorist, and may transfer such assets to a government agency. None of the Funds or an administrator will be liable for losses related to actions taken in an effort to comply with anti-money laundering regulation.
- Federal, state and international governments may increase regulation of investment advisers, private investment funds and derivative securities, which may increase the time and resources that WestBridge Capital US must devote to regulatory compliance, to the detriment of investment activities.
- WestBridge Capital US is not registered with the SEC as a broker-dealer or with the Commodity Futures Trading Commission as a commodity pool operator. The equity interests in the Funds are not registered under the Securities Act of 1933, and the Funds are not registered investment companies under the Investment Company Act of 1940. WestBridge Capital US believes that none of these registrations is required because exemptions are available under applicable law. If a regulatory authority deems that any of these registrations is required, WestBridge Capital US and any Fund could be subject to expensive legal action and potential termination. In addition, Investors do not have certain regulatory protection that they would have if these registrations were in place.
- The Funds' activities could cause adverse tax consequences to the Funds and the Investors, including liability for interest and penalties.
- The Funds' activities may cause a Fund or an Investor that is subject to the Employee Retirement Income Security Act of 1974 to engage in a prohibited transaction under that Act.
- If a Fund becomes insolvent, Investors may be required to return with interest any distributions and forfeit any undistributed profits.

***The above is not a complete list of risk factors. It is important that investors in Funds refer to the relevant governing documents (including the PPM) for a complete understanding of***

*WestBridge Capital US' methods of analysis and investment strategies. The information containing herein is a summary only and is qualified by such documents*

## **ITEM 9 – DISCIPLINARY INFORMATION**

WestBridge Capital US is required to disclose all material facts regarding any legal or disciplinary events that would be material to an investor's evaluation of WestBridge Capital US or the integrity of WestBridge Capital US' management. WestBridge Capital US has no legal or disciplinary information to disclose at this time.

## **ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

As noted above, affiliates of WestBridge Capital US are Preferred Shareholders that have certain advisory rights associated with such status. Further the Preferred Shareholders may receive the 20% share of net capital gains with respect to the Ventures I Fund and Ventures II Fund.

Affiliates of WestBridge Capital US may receive director's fees or similar compensation from portfolio companies of the Venture Funds which may trigger a Management Fee Offset. The shareholders agreements of the Venture Funds contain certain protections for Investors in the Venture Funds. Investors should contact the Chief Compliance Officer at (650) 645-6220 or [promit.bhattacharya@westbridge.com](mailto:promit.bhattacharya@westbridge.com) with any concerns.

In addition, as noted in Item 4 above, WestBridge Capital Partners, LLC is partially owned by the Principal.

Principals and employees of WestBridge US and/or its affiliates may also invest directly in certain Funds, but investments in the Funds made by such parties are generally not subject to the management fees or shares of net capital gains described in Item 5 above.

Although not a related person of WestBridge US, Peter Wendell is a senior adviser to WestBridge Capital US and to the Funds and a director of the Crossover. Mr. Wendell is the founder of a venture capital firm and still provides investment advisory services to that firm. Mr. Wendell currently serves on the board of directors of numerous companies, both public and private. Any potential conflicts of interest are managed by subjecting Mr. Wendell to WestBridge Capital US' Code of Ethics. Relevant relationships are disclosed in the relevant private placement memorandums, which are provided to investors in the Funds prior to their investment.

## **ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **A. Code of Ethics**

WestBridge Capital US' Code of Ethics (the "Code") is designed to meet the requirements of Rule 204A-1 of the Investment Advisers Act of 1940 ("Advisers Act"). The Code applies to WestBridge Capital US' access persons (which term includes all employees of WestBridge Capital US and certain other persons) (the "Access Persons") and sets forth a standard of business conduct that takes into account WestBridge Capital US' status as a fiduciary and requires Access Persons to place the interests of Advisory Clients and Investors above their own interests. The Code requires Access Persons to comply with applicable federal securities laws. Further, Access Persons are required to promptly bring violations of the Code to the attention of WestBridge Capital US' Chief Compliance Officer. All Access Persons are provided with a copy of the Code and are required to acknowledge receipt of the Code on at least an annual basis.

As required by Rule 204A-1 of the Advisers Act, and as further discussed in Item 11.C below, the Code also sets forth certain reporting and pre-clearance requirements with respect to personal trading by Access Persons. Access Persons generally may not trade in securities issued by public and private companies in India, or that have a significant nexus or business linkages with India and South Asia, with a market capitalization of less than \$1 billion. Access Persons must also provide the Chief Compliance Officer with a list of their personal accounts and an initial holdings report within 10 days of becoming an Access Person. In addition, Access Persons must provide annual holdings reports and quarterly transaction reports in accordance with Rule 204A-1.

Investors in the Funds may obtain a copy of the Code by contacting the Chief Compliance Officer at (650) 645-6220 or [promit.bhattacharya@westbridge.com](mailto:promit.bhattacharya@westbridge.com).

### **B. Potential Conflicts of Interest**

WestBridge Capital US employees or related persons may also invest directly or indirectly in the Funds. It should be noted that investments in the Funds made by such parties may not be subject to fees as described in each of the relevant private placement memoranda. The fact that such related persons and employees may have financial ownership interests in the Funds also creates a potential conflict in that it could cause WestBridge Capital US to provide different investment advice than if such parties did not have such financial ownership interests. Further, all advice provided by the Investment Manager to the Funds must be approved by the Fund's board of directors. Such measures are intended to address potential conflicts of interest.

Preferred Shareholders may make significant investments in the Venture Funds. Such investments may not be subject to the same fees as described in each of the relevant private placement memoranda.

WestBridge Capital US recommends interests in the Funds to prospective Investors. This may cause a conflict as certain related persons and affiliates maintain investments in the Funds.

It should also be noted that WestBridge Capital US may give advice and recommend the purchase or sale of securities and other financial instruments, or buy or sell such securities, and instruments for their own account which advice or instruments may differ from advice given to, or instruments recommended or bought or sold for, the Funds, even though their investment objectives may be the same or similar. Potential conflicts of interest may arise in connection with the personal trading activities of WestBridge Capital US' Access Persons.

WestBridge Capital US addresses the above potential conflicts through its personal securities transaction pre-clearance and holding requirements described in Item 11. A. and 11. C, and through disclosure to Investors of such potential conflicts. Further, WestBridge Capital US regularly monitors the Advisory Client portfolios for consistency with Advisory Client objectives, strategies, and target capacity. The Code requires Access Persons to place the interests of Advisory Clients and investors over their own or those of WestBridge Capital US, and all Access Persons are required to acknowledge their receipt and understanding of the Code.

### **C. Personal Trading of Related Persons**

The Code is designed to ensure that the personal securities transactions of the Account Persons do not conflict with transactions effected on behalf of the Advisory Clients. Access Persons of WestBridge Capital US must (i) place the interests of clients first, (ii) avoid taking inappropriate advantage of their positions within the firm, and (iii) conduct their personal securities transactions in full compliance with the Code.

As required by Rule 204A-1 of the Advisers Act, WestBridge Capital US requires its access persons to report their securities transactions on a quarterly basis and disclose their securities holdings upon employment and on an annual basis thereafter. WestBridge Capital US also restricts the personal trading of its access persons. Access Persons generally may not invest in securities issued by public and private companies in India, or that have a significant nexus or business linkages with India and South Asia, with a market capitalization of less than \$1 billion. Access Persons are required to pre-clear transactions in initial public offerings ("IPOs") and limited offerings.

WestBridge Capital US also maintains policies and procedures that are designed to prevent the misuse of material, non-public information. WestBridge Capital US's personnel are required to certify their compliance with the policies and procedures to prevent insider trading.

## ITEM 12 – BROKERAGE PRACTICES

### A. Recommending Brokers & Research and Other Soft Dollar Benefits

#### Recommendation of Brokers

WestBridge Capital US recommends brokers-dealers for each transaction for the Funds and negotiates the fees to be paid to the broker-dealer in connection with such transactions. WestBridge Capital US recognizes its duty to obtain “best execution.” Consistent with such duty, in determining best execution, WestBridge Capital US takes into account the full range and quality of a broker-dealer’s services, including research and other services. WestBridge Capital US does not recommend broker-dealers solely on the basis of lowest possible commission costs, but by the best qualitative execution.

WestBridge Capital US will use its best efforts to recommend brokers so that brokerage transactions represent the best qualitative execution for clients, based on such factors as the efficiency of execution, the timing of the transaction, the price of the security purchased or sold, the commission rate, and the financial responsibility and responsiveness of the broker. The lowest possible commission cost is not by itself the determinative factor, and clients may not always pay the lowest possible commission rates.

In recommending a broker for any transaction or series of transactions, WestBridge Capital US may consider a number of factors, including, for example

- net price, clearance, settlement and reputation,
- financial strength and stability,
- efficiency of execution and error resolution,
- block trading and block positioning capabilities,
- willingness to execute related or unrelated difficult transactions in the future,
- special execution capabilities,
- order of call,
- offering to WestBridge Capital US on-line access to computerized data regarding the Funds,
- computer trading systems,
- the availability of stocks to borrow for short trades, and
- other matters involved in the receipt of brokerage services generally.



## Procedures for Evaluating Execution Services

The Chief Compliance Officer will annually evaluate the trade execution services the Funds receive from the brokers WestBridge Capital US recommends to the Funds, including comparing those services to the services available from other brokers to determine if it is achieving best execution for such transactions. As part of those evaluations, WestBridge Capital US typically considers, among other things, alternative brokers, market makers and market centers, the quality of execution services, the desirability of continuing with various soft dollar services and the desirability of adding or removing brokers and increasing or decreasing targets for each broker (based on the WestBridge Capital US' assessment of the value that each broker adds to the Funds) and the appropriate level of commission rates.

## Brokerage for *Client* Referrals

In recommending brokers, WestBridge Capital US takes into account the factors listed above. As part of its "best execution" analysis, WestBridge Capital US considers a broker-dealer's ability to provide WestBridge Capital US with the opportunity to participate in capital introduction events sponsored by the broker-dealer and to refer Investors to the Funds. It should be emphasized that WestBridge Capital US does not recommend broker-dealers solely in return for referrals.

WestBridge Capital US recognizes that it may have an incentive to favor broker-dealers that provide capital introduction services to WestBridge Capital US or refer Investors. WestBridge Capital US receives asset-based fees and accordingly would receive a financial benefit from the increase in assets under management that result from capital introduction services and Investor referrals. Similarly, WestBridge Capital US or an affiliate receives performance-based compensation and accordingly could receive larger performance-based compensation in any given profit period as a result of an increase in assets under management that results from capital introduction services and Investor referrals. The potential for higher fees presents a potential conflict in that WestBridge Capital US has an incentive to favor broker-dealers that provide services that have a direct impact on fees even if those broker-dealers rate unfavorably in other categories that are part of WestBridge Capital US' best execution analysis. WestBridge Capital US addresses this potential conflict through its best execution review process. Such reviews are intended to allow WestBridge Capital US to determine when broker-dealers that outperform in capital introduction and Investor referrals under perform in other areas. In such situations, WestBridge Capital US may provide heightened scrutiny to a relationship with a broker-dealer.

WestBridge Capital US does not have directed brokerage agreements.

## **B. Aggregations of Securities**

The Venture Funds are currently only making follow-on investments. The only Fund making new investments is the Crossover Fund. Accordingly, WestBridge Capital US does not aggregate the purchase or sale of securities for its clients.

If WestBridge Capital US aggregates securities sale and purchase orders for a client with similar orders being made contemporaneously for other accounts that it manages or with accounts of its

affiliates, it may charge or credit a client the average transaction price of all securities purchased or sold in such transactions. As a result, however, the price may be less favorable to the client than it would be if WestBridge Capital US were not executing similar transactions concurrently for other accounts. WestBridge Capital US may also cause a client to buy or sell securities directly from or to another client, if such a cross-transaction is in the interests of both clients.

## **ITEM 13 – REVIEW OF ACCOUNTS**

### **A. Review of Client Accounts**

The Advisory Client portfolios are reviewed by the Principal on a weekly basis. Such reviews include a review of investment policy, the suitability of the investments used to meet policy objectives, cash availability, and investment objectives. The Principal considers, among other things, investment performance, the portfolio's sensitivity to market changes, and whether anything has changed subsequent to an initial investment decision that impacts the risk or potential return.

### **B. Reports to Investors**

Subject to applicable confidentiality restrictions, Investors are provided detailed quarterly and annual reports including comprehensive information regarding each portfolio company and the overall view of WestBridge Capital US and annual audited financial statements. In addition pursuant to a side letter certain Investors may receive additional reporting. Investors in the Funds may obtain further detail of such reports by contacting the Chief Compliance Officer at (650) 645-6220 or [promit.bhattacharya@westbridge.com](mailto:promit.bhattacharya@westbridge.com).

The Funds have entered into side letter agreements with certain Investors. Such agreements may provide such Investors with additional notification and disclosure rights, special fee arrangements, transfer rights, co-investment rights and special redemption rights relating to frequency or notice, among others. In the future, the Funds may enter into additional side letter agreements. The Funds generally enter into side letters only with Investors who make substantial commitments of capital and side letter provisions typically are not indefinite in term. All such agreements are negotiated prior to the time of investment. WestBridge Capital US complies with the requirements of such side letters to the extent required.

## **ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

Not applicable to WestBridge Capital US.

## **ITEM 15 – CUSTODY**

WestBridge Capital US does not have custody of client assets.

## **ITEM 16 – INVESTMENT DISCRETION**

WestBridge Capital US does not have discretionary authority to manage securities accounts on behalf of the Advisory Clients.

## **ITEM 17 – VOTING CLIENT SECURITIES**

WestBridge Capital US does not have authority to vote Advisory Client securities. Proxies and other solicitations are delivered to the Funds' administrator by the Funds' custodians. The Funds will respond to such proxies and other solicitations as determined by the Funds' directors.

## **ITEM 18 – FINANCIAL INFORMATION**

WestBridge Capital US is not currently aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.