

Kubera Cross-Border Fund

Quarterly Newsletter Jan – Mar 2015

Fund Performance as at 31 March 2015

NAV	US\$ 0.52 (un-audited)
NAV plus shareholder distributions	US\$ 0.85
Change from prior qtr*	1%
Change from prior year*	-5%
Change from 2 yrs ago*	-17%
Total net assets	US\$ 57.2m
Shares outstanding	109.7m
Share price	US\$ 0.23
Market capitalization	US\$ 25.2m
Manager co-invest	9% pro rata of each investment (US\$ 12.2m to date)

Fund Facts

Bloomberg code	KUBC LN
Reuters code	KUBCq.L
ISIN	KYG522771032
Listing	AIM/LSE
Inception	27 Dec 2006
Domicile	Cayman Islands
Structure	Closed-end
Reporting/valuations	US GAAP

Contact Information

Advisors

Nominated Adviser	Grant Thornton UK LLP
Administrator	IOMA Fund and Investment Management Limited ('IOMA')
Custodian	Kotak
Auditor	KPMG

Manager

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Broker

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Investment Objective

Kubera Cross-Border Fund Limited (the 'Fund') is a private equity fund focused on investing in businesses that primarily operate in the US-India corridor. Several of the Fund's portfolio companies benefit from business activities in the growing Indian domestic market. Shareholder resolutions in early 2013 confirmed a fixed life for the Fund and an orderly realisation strategy. The Fund's investment manager, Kubera Partners LLC (the 'Manager') is committed to realising the remaining investments in a timely manner, in the best interests of shareholders.

Portfolio

The Fund has made nine investments since its launch in late 2006 and was rendered fully invested by the end of 2008. Eight of these investments are in companies that are domiciled in India. Two investments were realised in 2010. Portfolio details are provided below. The financial information excludes the Manager's co-investment of 9% pro rata alongside every investment made by the Fund. The Manager's co-invest amounts to US\$ 12.2m.

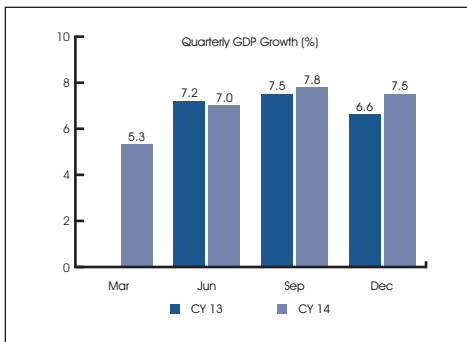
All proceeds generated from the realisation of investments are distributed by the Fund, subject to retaining a reserve to meet operating costs and liabilities and to enable the Fund to make follow-on investments in existing portfolio companies in order to take advantage of opportunities that enhance and/or protect the value of existing holdings. The level of cash held is reviewed regularly by the Fund's board of directors (the 'Board') and the Manager.

(\$ in millions) Company	Fund's Share ¹				Per Share ¹			
	Capital Invested	Cash Realized	Carrying Value	Total Value	Basis (Adjusted for Buybacks)	Capital Distributions	Carrying Value	Total Value
Portfolio: Realized	61.3	47.7	–	47.7		0.33	–	0.33
Portfolio: Unrealized								
Holdings > 5%								
Essel Shyam Communication	13.4	1.0	25.7	26.7	0.07	–	0.23	0.23
Synergies Castings ²	26.9	0.6	21.9	22.5	0.15	–	0.20	0.20
Venture Infotek	–	–	4.8	4.8	0.11	–	0.04	0.04
Holdings < 5%	25.7	0.5	1.5	2.0	0.14	–	0.01	0.01
Ocimum Biosolutions	15.0	–	–	–	0.08	–	–	–
Spark Capital	1.4	0.2	1.4	1.6	0.01	–	0.01	0.01
GSS Infotech	9.3	0.2	0.2	0.4	0.05	–	0.00	0.00
	66.0	2.1	54.0	56.0	0.47	–	0.49	0.49
Total Portfolio	127.3	49.8	54.0	103.7	0.71	0.33	0.49	0.82
Expenses since listing					0.26			
Cash					0.03		0.03	0.03
Total Fund					1.00	0.33	0.52	0.85

Notes:

- Excludes co-investment by affiliates of the Investment Manager which amounts to 9% of every investment made by the Fund
- Includes loans of US\$ 2.8 million extended to the Company in February 2010 and March 2011

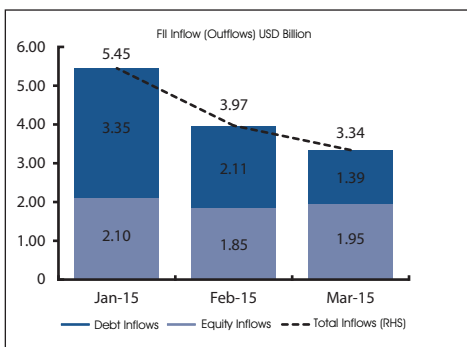
* -% change from prior periods computed for NAV plus shareholder distributions to date.



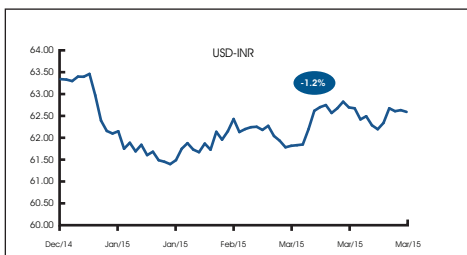
India Economic Review¹

India's GDP grew at an annual rate of 7.5% (2011-12 series) for the quarter ending December 2014, mainly led by the services sector, followed by utility services such as electricity, gas and water supply. The Indian Government expects the FY15 GDP growth rate to be 7.4% (2011-12 series) vs. 6.9% (2011-12 series) recorded last year.

India's sovereign rating also improved with a Moody's Investors Service rating outlook upgrade from stable to positive and a Baa3 rating (the lowest investment grade). The decision to revise the outlook is based on its view that new policymakers are creating a framework that will allow India's growth to continue at a faster rate than similarly rated peers over the medium term, supported by favourable demographics, economic diversity, as well as high savings and investment rates.



The Reserve Bank of India kept the policy rate unchanged at 7.5% in its April 2015 meeting after cutting the repo interest rate by 25 basis points in the month of March 2015. The Wholesale Price Index fell from -0.4% in January 2015 to -2.1% in February; primarily due to falling fuel prices and further reduction in food prices. The consumer price inflation in February 2015 inched up to 5.4% from 5.2% recorded in January 2015, following a rise in rural inflation. Although inflation has remained in the comfort zone of the RBI, i.e. below 8%, the central bank continues to remain accommodative and chose to wait for more clarity on weather related disturbances impacting inflation.



In the recently released Foreign Trade Policy, the new government offers continuity and stability of the policy by increasing trade liberalization. Under the new policy duty credit scrips against export of merchandise and services can now be transferred and used for payment of customs and excise duties and service tax. The reduction of export obligations against domestic sourcing of capital goods under the Export Promotion Capital Goods (EPCG) scheme is designed to encourage more manufacturers or service providers to source their requirements from domestic makers, and encourage more manufacturers to take up an export obligation.

Relaxation of FDI limits in the insurance, defence sectors and other sectors coupled with international factors such as the continuation of the zero interest policy of Federal Reserves may help attract more funds into emerging markets such as India.

FDI inflows during the calendar year 2015 showed robust growth of 36% to reach US\$ 12.8 billion compared to US\$ 9.4 billion during the comparable period in 2014. Debt markets continue to attract higher investment than equity markets, but the trend reversed in the month of March 2015.

The BSE Sensex (which comprises 30 stocks) closed at 27,957 on 31 March 2015. The Sensex continued its upward momentum during the period from January to March 2015 by gaining 2.0%. During the same period the mid-cap index (NIFTY Midcap) underperformed the broad index, gaining 0.3%.

The US dollar continued its appreciation against a basket of major currencies including the Indian rupee. The rupee traded within a range of 61 to 64 rupees to the dollar throughout the quarter, ending at 62.6 on 31 March 2015 compared to 63.3 rupees to the dollar at the end of the previous quarter. During the quarter, the rupee appreciated against the US dollar by more than 1.2%.

Quarterly portfolio summary

At close of business on 31 March 2015, the Fund's unaudited net asset value per share ("NAV") was US\$ 0.52. The aggregate value of shareholder distributions to date and the NAV amount to US\$ 0.85 per share. The denomination of the Fund is in US Dollars; the Fund does not hedge the currency risk relating to its investments denominated in Indian rupees.

Since the inception of the Fund, the rupee has depreciated relative to the US dollar by over 40%. The Fund's performance in rupee terms, as of the 31 March 2015 NAV, amounts to a multiple of 1.07x of cost; in dollar terms as mentioned above it is 0.85x (inclusive of total distributions of \$ 0.33/share).

The Manager, on behalf of the Fund, continues to explore all disposition possibilities.

¹ Sources: Reserve Bank of India, BSE India, Securities and Exchange Board of India, Thomson Reuters & others.

Investment Holdings > 5%



Company Overview

ESCL provides solutions for the media broadcasting (teleporting, content management, play outs and mobile connectivity via DSNG vans) and satellite communications industries. ESCL also implements TV channel build outs.

Investment Summary

- **Investment amount²:** \$13.4 million
- **Investment Date:** November 2008
- **KUBC Holding:** 27.6%
- **Type of security:** Preference and equity shares in India entity
- **Current Value:** \$25.71 million
- **NAV/Share:** \$0.23

Valuation Methodology

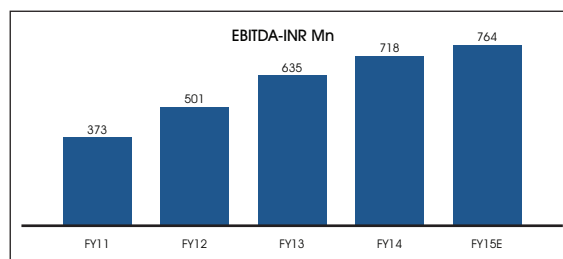
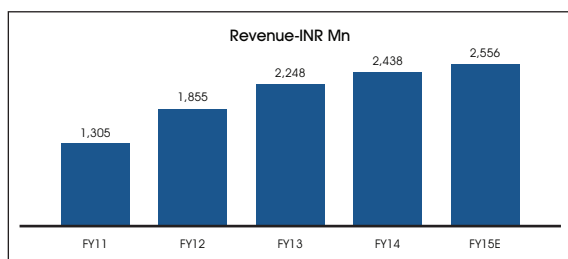
- Weighted average of last and forward year trading multiples including: EV/Revenues, EV/EBITDA, EV/EBIT, transaction multiples & discounted cash flows.

Business Updates

- The Company is moving forward with the planning for an initial public offering.
- Business performance continues to be strong.

Financial Updates

- ESCL reported revenue of INR 608 million and EBITDA of INR 192 million during the quarter. The core business segment of teleport services continues to demonstrate good growth of 17% on a YoY basis
- For the nine months of FY2015, ESCL recorded revenue of INR 1,855 million (YoY growth of 15%) and EBITDA of INR 555 million (YoY growth of 13%); EBITDA margins were flat at 30%
- During the quarter:
 - **YoY Sales:** were up by 9%
 - **YoY EBITDA:** was down by 6%
 - **YoY Net Profit:** was down by 22% at INR 69 million
- The company's net debt position stands at INR -107 million
- The value of our investment remained flat during the quarter.



² Excludes manager's co-invest, which is ~9% of each investment; data as of March 31, 2015.

Investment Holdings > 5%



Company Overview

Synergies Castings Limited (SCL) manufactures alloy and chrome plated wheels for OEMs. The company has one of the few integrated chrome plating facilities in the world, and the only one in India with the capability to manufacture large diameter wheels.

Investment Summary

- **Investment amount³:** \$26.9 million
- **Investment Date:** December 2007
- **KUBC Holding:** 58.3%
- **Type of security:** Equity and preference shares in India entity
- **Current Value:** \$21.93 million
- **NAV/Share:** \$0.20

Valuation Methodology

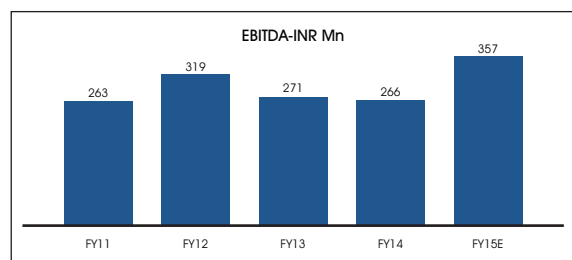
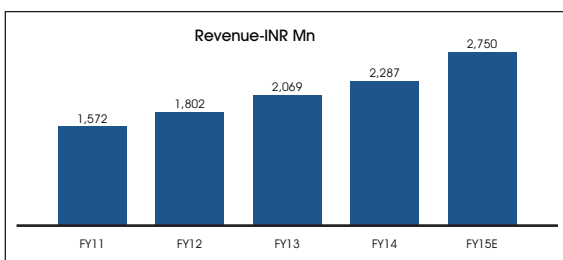
- Weighted average of last and forward year trading multiples including EV/Revenues, EV/EBITDA and EV/EBIT, transaction multiples & discounted cash flows.

Business Updates

- The international & domestic order book continues to remain strong as a result of a large increase in volume demand from GM.
- GM sold 5.3% more cars in the first quarter of 2015 in the US, compared to same quarter from the previous year.
- With Chinese imports wiped out of Indian market because of stringent anti-dumping tariffs, the domestic order book is full for the next couple of years.
- Strategic options continue to be evaluated.

Financial Updates

- The operating performance of a Company was hit during the quarter due to Cyclone Hudhud:
 - **YoY Sales:** Sales during quarter was INR 652 million, up by 5%
 - **YoY EBITDA:** EBITDA during quarter was INR 50 million, down by 29%
 - **YoY Net Profit:** net loss of INR 19 million as compared to a profit of INR 17 million during the same quarter of last year
- For the nine months of FY2015, the company recorded revenue of INR 2,007 million (YoY growth of 25%) and EBITDA of INR 235 million (YoY growth of 43%), with an improvement in EBITDA margins of 152 bps from 10% in 9MFY14 to 12% in 9MFY15
- The company's net debt position is INR 1,402 million
- The value of our investment during the quarter increased by 4.6% because of rolling forward of FY2016 earnings. Cyclone Hudhud hit the town of Visakhapatnam in October, leaving the company's manufacturing facilities severely impaired; management did a great job bringing the operation back online as quickly as they did.



³ Excludes manager's co-invest, which is 9% of each investment; data as of March 31, 2015.

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Investment Holdings > 5%



Company Overview

Venture Infotek ("VI")⁴ is India's leading card transaction processing company, operating in three major business segments: Merchant Acquisition, Credit Card Issuance and Loyalty Cards.

Investment Summary

- **Investment amount**⁵: \$19.7 million
- **Investment Date**: December 2007
- **KUBC Holding**: 42.8%
- **Type of security**: Equity shares in India entity
- **Current Value**: \$4.82 million
- **NAV/Share**: \$0.04

Valuation Methodology

- The pending tax receipts are being discounted to present value.

Business Updates

- Pending tax cash receipts from government of India.
- The company filed a writ petition in the Bombay High Court ('HC') to reinstate the Company's application to the tax Authority of Advance Rulings (AAR). The HC heard the petition favorably and has sent the matter back to AAR for passing a fresh order taking into account all the contentions and arguments of the case.
- Given merits of the case, we continue to be hopeful for a successful outcome for the company and for the Fund.

Financial Updates

- Kubera exited from the business in 2010, and distributed \$0.33 per share from realized cash flows.
- The value of our investment during the quarter increased by 2.4%.

4 The company is now known as "Neopath Limited".

5 Excludes manager's co-invest, which is ~9% of each investment; data as of March 31, 2015.

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Investment Holdings < 5%

Cumulative Investment Summary for holdings < 5%

- **Investment amount⁶:** \$25.7 million
- **Current Value:** \$1.6 million
- **NAV/Share:** \$0.01



Company Overview

Ocimum Biosolutions offers genomics outsourcing services and is a leading genomics outsourcing company based out of India.

Updates

- We have increased our direct involvement in the business in order to arrive at a speedy restructuring solution.
- Technology Development Board (Central Government Undertaking) has recalled the loan assistance disbursed to the company.



Company Overview

Spark is a full service investment bank with a strong presence in Southern India.

Updates

- We have made progress towards a potential buyback or other form of realization and are in discussions with the CEO on a timeline.
- During the current quarter, the Company generated INR 149 million in revenues and EBITDA of INR 119 million.
- The value of our investment increased by 12% during the quarter.



Company Overview

GSS Infotech provides IT infrastructure management services and enterprise application integration services to mid market enterprises in the US. The company is listed on the National Stock Exchange in India.

Business Updates

- The Company's turnaround continues to progress although profitability remains a challenge.

Financial Updates

- During the quarter:
 - **YoY Sales:** Sales during quarter was INR 555 million, lower by 17%
 - **YoY EBITDA:** EBITDA during quarter was INR 23 million, lower by 21%
 - **YoY Net Profits:** Net profit excluding other income was lower by 17%
- Fund sold 140,799 shares during the quarter.

⁶ Excludes manager's co-invest, which is ~9% of each investment; data as of March 31, 2015.

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DISCLAIMER

This document, and the material contained therein, has been prepared for the purpose of providing general information about, and an overview of, Kubera Cross-Border Fund Limited ('the Fund') and its operations. It is not meant to be a complete review of all matters concerning the Fund. This document is not intended as an offer or solicitation for the subscription, purchase or sale of securities in the Fund.

The material in this document is not intended to provide, and should not be relied on, for accounting, legal or tax advice or investment recommendations or decisions. Potential investors are advised to independently review and/or obtain independent professional advice and draw their own conclusions regarding the economic benefit and risks of investment in the Fund and legal, regulatory, credit, tax and accounting aspects in relation to their particular circumstances.

The securities of the Fund have not been and will not be registered under any securities laws of the United States of America nor any of its territories or possessions or areas subject to its jurisdiction and, absent an exemption, may not be offered for sale or sold to nationals or residents thereof.

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Forward-looking Statements

This document contains certain forward-looking statements with respect to the financial condition, results of operations and business of the Fund and its portfolio companies. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Fund or its portfolio companies' actual performance to be materially different from any future performance expressed or implied by such forward-looking statements. Such forward-looking statements based on assumptions regarding the Fund and its portfolio companies present and future business strategies and the political and economic environment in which they operate. Reliance should not be placed on these forward-looking statements, which reflect the view of Kubera Partners, LLC as of the date of the release of this document only.