

Quarterly Newsletter July - September 2018

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. In accordance with shareholder resolutions passed in early 2013, the Fund is in realisation mode, with no new investments other than follow-ons.

Portfolio

The Fund made nine investments in 2007 and 2008, and was rendered fully invested by the end of 2008. Eight investments were in companies that are domiciled in India. Portfolio details for the remaining investments (excluding investments written down to nil) are provided below. The Fund’s financial information excludes the former Manager’s co-investment of 9% which has been made pro rata alongside every investment by the Fund.

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.

The current portfolio (excluding investments written down to nil) as at 30 September 2018 (before the 2 November 2018 distribution of capital of US\$ 5,486,716 or US\$ 0.05 per ordinary share to all shareholders of the Fund) is shown below:

Portfolio Company	Fund's share in US\$ millions	Fund's share in US\$ per share
Planetcast Media Services Limited	20.32	0.19
Synergies Castings Limited	7.21	0.07
NeoPath Limited	3.63	0.03
	31.16	0.29
Net working capital	6.98	0.06
Total Fund	38.14	0.35

Notes:

The above figures exclude the former Manager’s co-investment, which is ~9% of each investment.

Planetcast Media Services Limited

Company Overview

Planetcast Media Services Limited (“PMSL”) provides solutions for the media broadcasting (teleporting, content management, playouts and mobile connectivity via DSNG vans) and satellite communications industries. PMSL also implements TV channel build outs.

Investment Summary

- **Investment amount**¹: US\$ 13.21 million
- **Investment Date**: November 2008
- **KUBC Holding**: 27.65%
- **NAV/Share**: US\$ 0.19
- **Type of security**: Preference and equity shares in India entity
- **Realisation**:

Kubera Cross-Border Fund (Mauritius) Limited (“Kubera Mauritius”) entered into a share purchase agreement with a leading global private equity firm on 20 March 2017 to sell its investment in PMSL for a consideration net of transaction costs of INR 1,618 million (INR 1,475 million, excluding the former Manager’s co-investment). This is equivalent to US\$ 22.29 million as at 30 September 2018. The value of the investment is US\$ 22.29 million (US\$ 20.32 million excluding the former Manager’s co-investment) which is the realisation value from exit.

Further to the terms of a Share Purchase Agreement dated 17 March 2017 as announced on 20 March 2017, and the subsequent announcement made on 31 July 2018, the Long Stop Date for the disposal of the entire equity stake held in PMSL that was extended to 30 September 2018, has now expired.

Whilst the outstanding ministerial approvals have not yet been obtained, all parties involved remain engaged to secure approval for a transaction and there are several alternative paths if a transaction is not consummated. At this time the Board remains focused on closing the current transaction as soon as practicable.

¹ (excludes former Manager’s co-investment which is ~9% of each investment)

Synergies Castings Limited

Company Overview

Synergies Castings Limited (“SCL”) manufactures alloy and chrome plated wheels for OEMs. SCL 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 amount**²: US\$ 26.45 million
- **Investment Date**: December 2007
- **KUBC Holding**: 35.27%
- **NAV/Share**: US\$ 0.07
- **Type of security**: Equity and preference shares in India entity
- **Realisation:**

On 11 August 2017, Kubera Mauritius entered into a share purchase and loan assignment agreement with Jamy LLC, a private buyer, for the disposal of its entire equity and debt interests in SCL for an aggregate consideration band of US\$ 14.00 million - US\$ 16.00 million depending on the timing of the payments from the buyer. Kubera Mauritius has considered the lower amount of US\$ 14.00 million (US\$ 12.76 million excluding former Manager’s co-investment) in order to determine the fair valuation of the investment.

The consideration is payable to Kubera Mauritius in four tranches over an 18-month period. The first tranche of US\$ 2.80 million was received on 10 August 2017 which includes US\$ 1.80 million towards the first tranche sale and US\$ 1.00 million as advance sale consideration. All the events and formalities with respect to the sale and transfer of the first tranche of shares were completed prior to 31 December 2017. As at 30 September 2018, US\$ 3.22 million of the second tranche of US\$ 3.60 million had been received. Following the end of the quarter, the remainder of the second tranche amount was also received.

The value of the investment at 30 September 2018 was US\$ 7.97 million (US\$ 7.29 million excluding the former Manager’s co-investment) which is the remaining realisation value, considering aggregate consideration of US\$ 14.00 million.

² (excludes former Manager’s co-investment which is ~9% of each investment)

NeoPath Limited

Company Overview

NeoPath Limited (“Neopath”) is a holding company which is expected, in due course, to receive a withholding tax refund following the sale of a credit card transactions processing business in India in 2010. Kubera Mauritius’ 46.95% interest in NeoPath is ultimately held through a wholly owned subsidiary, New Wave Holdings Limited.

Investment Summary

- **NAV/Share:** US\$ 0.03
- **Current Value:**
US\$ 3.98 million (US\$ 3.62 million, excluding the former Manager’s co-investment) which is the realisation value discounted to reflect the time value of money, lack of liquidity and credit risks.
- **Realisation:**
The pending estimated tax receipt of US\$ 4.83 million attributable to the Fund. The timing of the finalisation and receipt of the tax refund remains uncertain.

Current Situation

- Kubera Mauritius exited from the business in 2010 and distributed US\$ 0.33 per share to investors from realised cash flows.
- The acquirer of the business deducted withholding tax of US\$ 15.96 million of which 46.95% is attributable to Kubera Mauritius, which was deposited with the tax authority in India. NeoPath is in the process of claiming a refund of the withholding tax based on its position that the capital gain realised on the sale is exempt from tax in India under the relevant provisions of the India-Mauritius double taxation treaty. Consequently, based on the opinion of tax counsel, the entire amount of US\$ 15.96 million is considered to be fully recoverable by Neopath. The present value of the estimated tax refund has been included in the fair value estimate of the Kubera Mauritius’ investment in NeoPath as at 30 September 2018. The timing of the finalisation and receipt of the tax refund remains uncertain; NeoPath has now directly approached the tax authority for a resolution of the case.

Minor Portfolio Holdings: Investments holdings < 5%

- **Ocimum Biosolutions:** There is no change in status from the prior period.