



CARNELIAN SHIFT STRATEGY PMS

FEBRUARY 2026

Firm Overview



- Founded in 2019 as a boutique investment management firm by three passionate capital market professionals with a strong track record of building leadership businesses in the capital market domain and enduring research platform
- Purpose is to build a world class asset management platform known for its values, expertise and best practices
- Currently managing ~USD 1.6 bn in Indian equities for the country's leading HNI's, family offices, institutions & partners' own capital
- Offerings include PMS - domestic; AIF - domestic/offshore through GIFT IFSC
- 100% founder owned
- Supported by a team of 95 professionals across 10 locations and growing
- Technology, risk, compliance and process driven DNA
- Known for our unique, differentiated and proprietary investment & risk (including forensic) framework
- Won several accolades for best theme identification and absolute returns in 2021 and 2023

Founder's Profiles



VIKAS KHEMANI
(CA, CFA, CS)

- Vikas Khemani, with 28 years of extensive experience in capital markets, is the founder of Carnelian Asset Management & Advisors. Established in 2019, this boutique investment management and advisory firm, based in India, manages USD 1.6 bn across various portfolios.
- Prior to founding Carnelian, Mr. Khemani served as the CEO of Edelweiss Securities Ltd. for 17 years. During his tenure, he successfully incubated and developed several businesses into market leaders, including institutional equities, investment banking, and equity research.
- Mr. Khemani is recognized for his strong business acumen and profound understanding of capital markets, earning him a distinguished reputation within Corporate India.
- In 2014, he was honored with the Young Professional Achievers Award for the service sector by the Institute of Chartered Accountants of India.



MANOJ BAHETY
(CA, CFA)

- With ~28 years of financial services experience, Manoj Bahety currently serves as the fund manager of Carnelian Asset Management & Advisors. He is a distinguished financial professional known for his innovative approach to forensic research and portfolio management.
- Before co-founding Carnelian along with Vikas in 2019, Manoj held key roles at Edelweiss Securities, including Deputy Head of Institutional Equity Research, Head of Forensic Research, and Head of Thematic & Mid Cap Research. He is renowned for his non-consensus research approach and pioneering differentiated forensic research, famously known as "Analysis Beyond Consensus" (ABC Research).
- ABC Research has been instrumental in aiding global investors to make informed investment decisions based on accurate data rather than reported figures, thereby helping them "avoid pitfalls"—a core virtue of Carnelian
- In addition to his professional accomplishments, Manoj has actively contributed to the CFA Institute, serving on several committees, including as Chairperson of the India Advocacy Committee and as a member of the Global Capital Markets Policy Council (CDPC) based in the USA.



SWATI KHEMANI
(CA)

- With 24 years of financial experience, Swati exemplifies the important role of the Indian modern professional and empowered woman. Her professional journey has taken her to leading roles in equity research, institutional sales, investment banking, client relationships and human capital management, all this, while raising a family and being an entrepreneur.
- Along with Vikas Khemani and Manoj Bahety, she founded Carnelian Asset Management where she currently holds the key position of managing the overall business and capital management. Her mentoring skills have been instrumental to lay the foundation of a strong, cohesive and winning investment management team. She enjoys a good relationship with the investor & corporate community

Carnelian Competitive Advantage



Unique Approach, Unique Insights

Independent, entrepreneurial boutique with a reputed board of advisors

Long-term approach with high active share (differentiated portfolio)

Concentrated **QGARP** portfolio - **Quality Growth companies (Business & Management) at a Reasonable Price**

Offers a unique blend of companies with accelerated and sustainable growth

Proprietary forensic analysis

Known for identifying larger themes, trends /stocks early



PEOPLE

- Founders are Industry veterans with strong complementary skill sets
- Deep understanding of Capital markets & businesses
- Strong relations with corporate India/industry
- Team of 95 passionate/driven professionals
- 100% founder owned - skin in the game



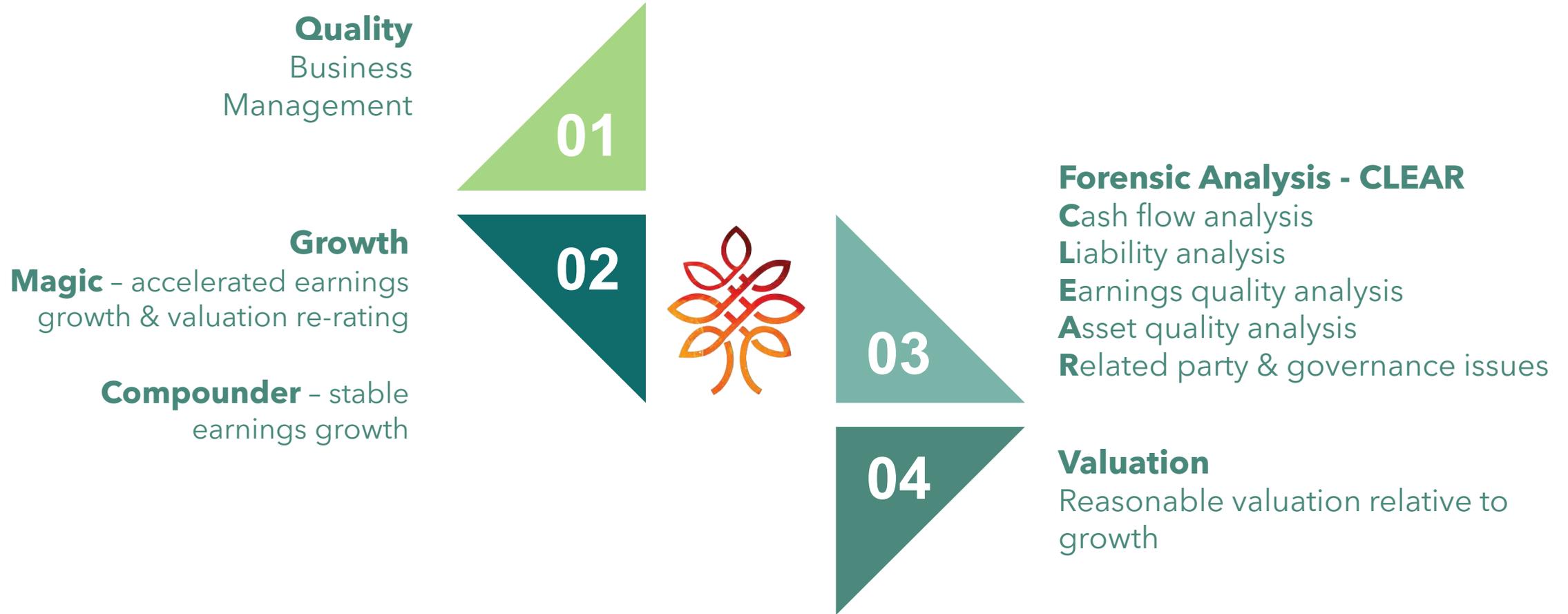
PROCESS

- Unique forensic framework - **"CLEAR"**
- Focus on quality
- Screen for red flags
- Disciplined investment process
- Differentiated approach to risk management
- Processes driven by core values...



Carnelian Investment Framework

Investment Framework



Quality Growth at a Reasonable Price



QUALITY

Margin of safety not only lies in the price, but also in the quality of business and management

Strong focus on sustainability & governance

Quality Business

- Profitable
- Free cash flow generation
- Incremental return on capital
- Opportunity & market size
- Sustainable moat
- Environment & socially conscious

Quality Management

- Integrity
- Passionate & driven
- Efficient capital allocator
- Skin in the game
- Strong risk management culture
- Strong governance



GROWTH

Investing for acceleration in growth yet to be factored in by market, leads to superior returns.

Magic (Accelerated Growth)

Aims at capturing earnings growth & valuation re-rating

- Management/CEO change
- Industry structure change
- New growth catalyst
- Product innovation
- Completion of capex phase

Compounder (Stable Growth)

Aims at capturing stable earnings growth

- Large & growing opportunity size
- Sustainable moat
- Robust free cash flow generation

Investment Framework - Forensic Analysis - "CLEAR"



FORENSIC ANALYSIS - CLEAR

No matter what your investing style is, forensic analysis can help avoid some of the pitfalls inherent in human misjudgment.

Cash flow analysis

- Earnings conversion; reported vs stable cash flows

Liability analysis

- True debt vs reported debt, contingent liability & likely impact on future earnings; payables vs acceptances

Earnings quality analysis

- True economic profit vs reported profit, discretionary vs non-discretionary profit, expense capitalization policy

Asset quality analysis

- Core vs non-core assets; intangible creation policy

Related party & governance issues

- Related party transaction, complex structures (JVs/subs), off BS arrangement - connecting the dots



VALUATION

“Value of an asset cannot, over the long term, grow faster than its earnings”

Multi-Faceted Valuation Approach

- P/E multiple
- P/B
- EV/EBITDA
- DCF

Identify companies with reasonable valuations in relation to growth prospects

Pay a reasonable price, avoid overvalued companies



RISK

We believe knowing the source of risk is the key to risk management.

We classify risk into 3 types based on the source of risk.

Type A - Capital Loss risk

- Inferior quality of management
- Disruption prone businesses

Type B - Volatility risk

- Temporary market dislocation
- Macro factors
- Geo-political/political issues
- Liquidity

Type C - Opportunity cost risk

- Lack of knowledge
- Human biases



RED FLAGS

"Invert, always invert"

- Carl Jacobi

- Aggressive accounting practices
- High financial leverage
- Low tax incidence
- Management having
 - no skin in the game / misaligned objective
 - a poor governance track record
 - hurry to create value



CARNELIAN SHIFT STRATEGY

Shift Strategy (PMS)



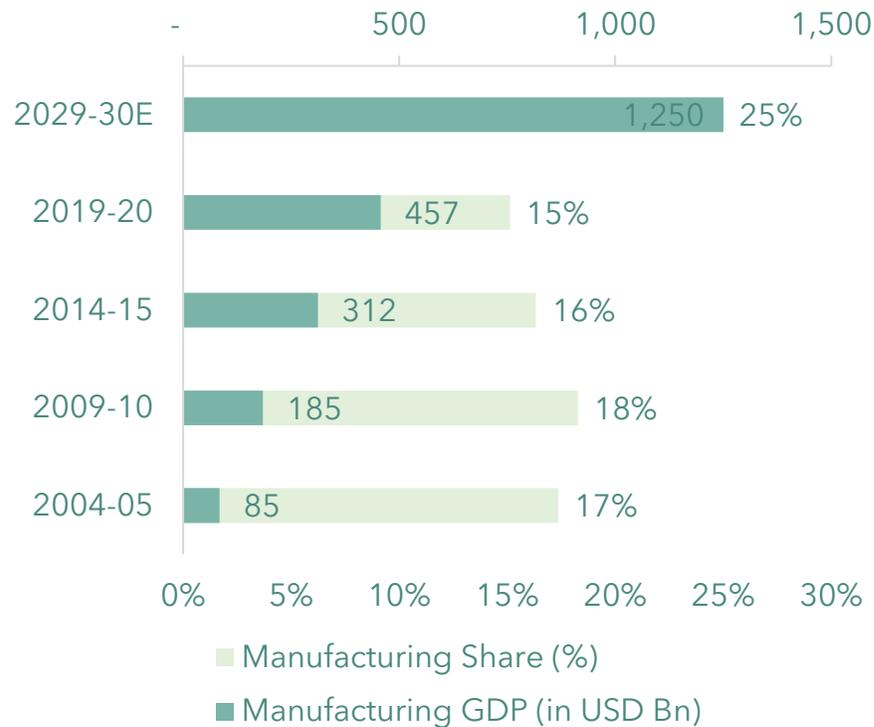
- Strategy designed to capture structural decadal shifts presenting large opportunity in
 - **Manufacturing** led by conducive regulatory and global environment
 - **Tech evolution** empowered by digitalization globally
- Concentrated **QGARP** (quality growth companies at a reasonable price) portfolio
 - Blend of mid & small cap listed companies having
 - niche core competence & large opportunity size
 - proven track record
 - impeccable management capabilities
- Portfolio of ~25 stocks; Benchmark against BSE 500 TRI
- Subjected to stringent Carnelian filters & forensic checks (CLEAR framework)

Pandemic accelerated 2 structural shifts



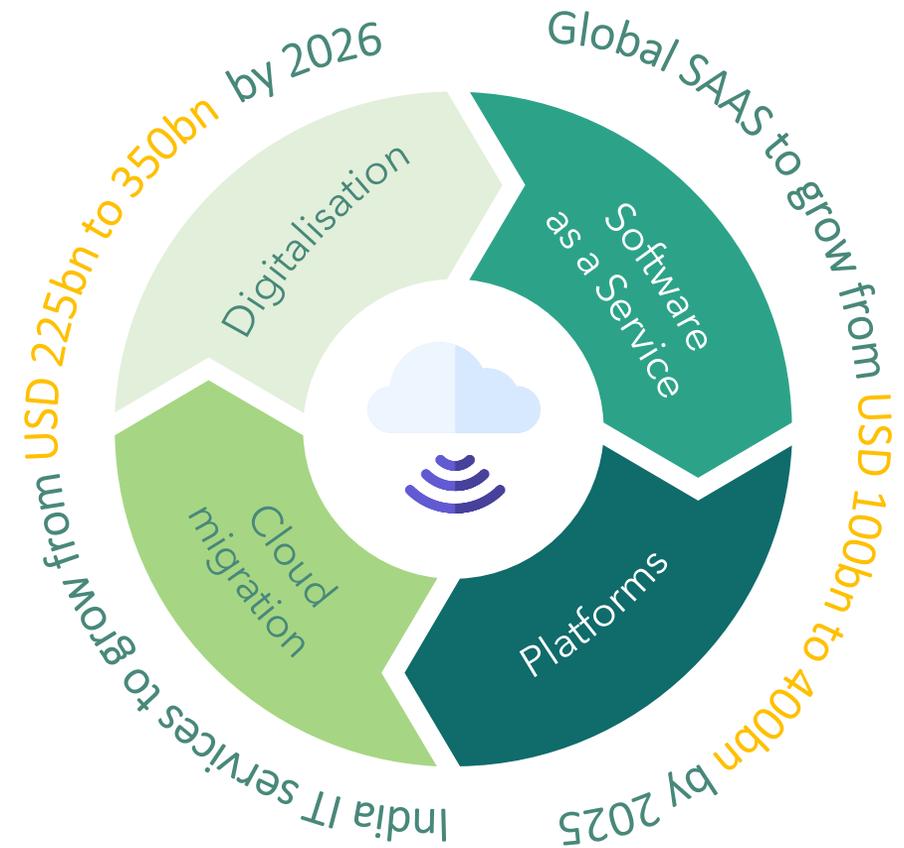
MANUFACTURING

Manufacturing GDP set to double over the next 5 years



Source: Carnelian Research, IBEF

TECHNOLOGY



Plethora of opportunities unfolding...

India on the cusp of **manufacturing** boom on account of

Govt. Reforms

- Focus on Atmanirbhar Bharat
- Manufacturing boost by production linked incentive schemes
- Tariff & non-tariff barriers
- State labour reforms

Cost Competitiveness

- Labour: 1/2-1/3x China
- Logistics & power costs = China
- Lowest tax rates globally @ 17%
- China's cost advantages have significantly narrowed down

Proven Entrepreneurship

China + 1 Shift

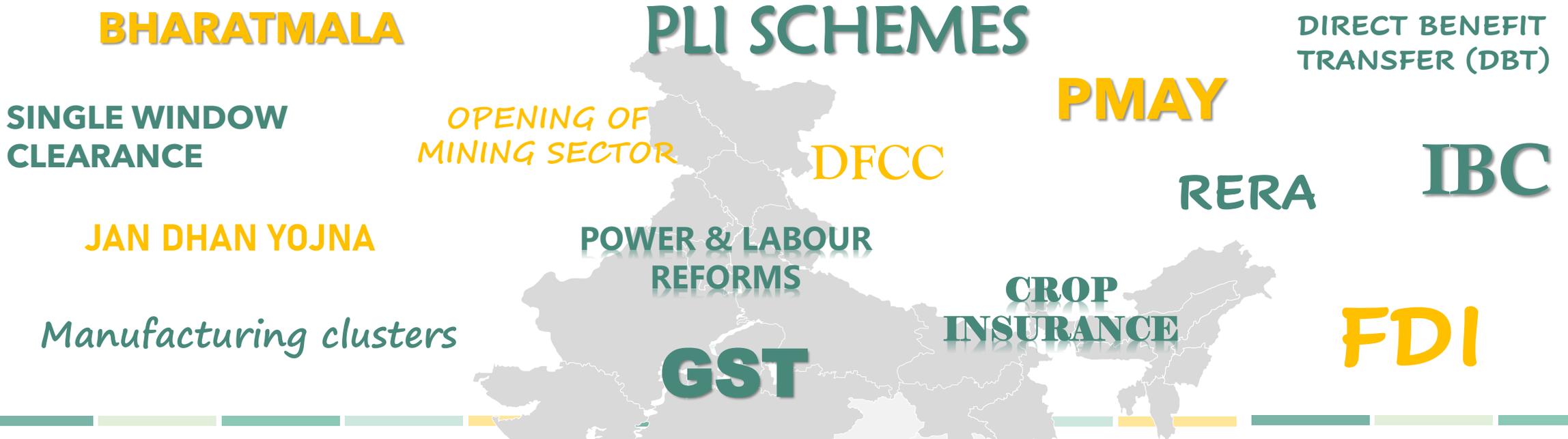
- Led by anti China sentiments
- Over dependence on China to create huge opportunity for China +1

Strong Domestic Markets

- Domestic markets + exports/ imports = economies of scale

Confluence of all the above factors creating momentum for manufacturing

Government initiatives and reforms

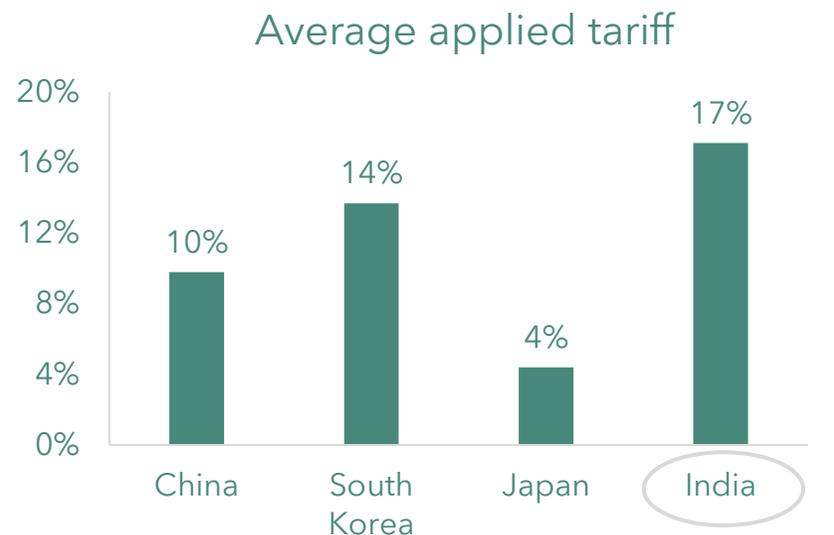


Enablers creating a business friendly & competitive environment supported by infrastructure development

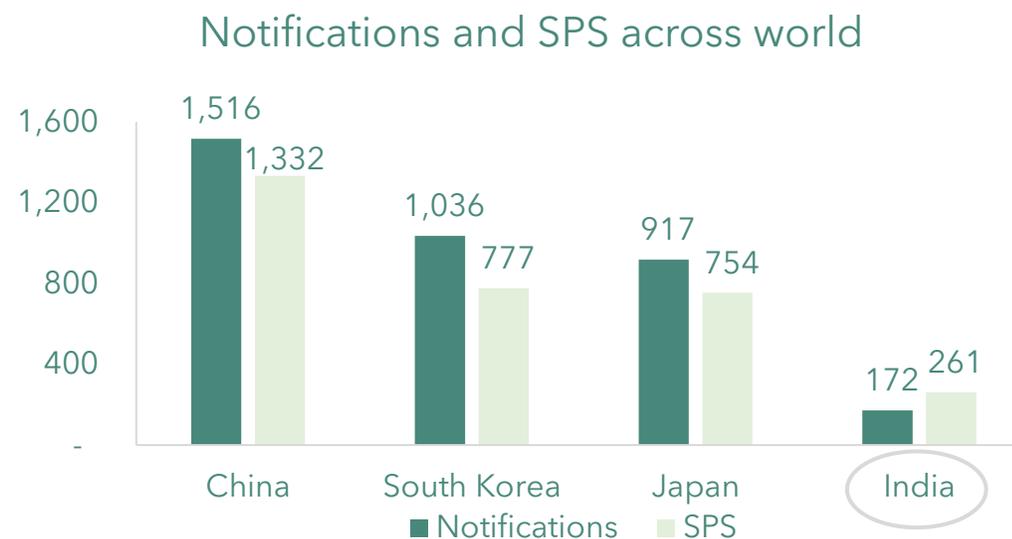
- Globally lowest tax rate at 17% GST - One Nation One Tax; Reduction in warehouses, efficient transportation and reduced costs
- Creation of 35,000 kms of road with capital outlay of USD 5 bn
- DFCC will result in logistic saving by 37%.
- Production linked incentives across sectors
- Opening mining sector to private & foreign players allowing capital & technology investment
- Increase in limits across sectors like contract manufacturing, defense, retail etc. with conditions of local manufacturing
- Creation of mega bulk drug parks, manufacturing clusters with common facilities and eco system development
- Direct hire of contractual workers for fixed tenure
- Threshold increased for lowering compliance
- Power reforms will lead to reduction in T&D losses thereby reducing power cost further



Further impetus through tariff & non-tariff barriers



Source: Ministry of commerce survey



Source: Ministry of commerce survey

India hardly used non-trade tariff barriers like China/other countries which is set to change;

- No global tenders less than INR 200 cr
- No automatic FDI approval to 200 countries sharing borders
- Special registration required for participating in contracts with neighboring countries

GOI has planned substantial changes on import policies including tariff & non-tariff barriers on imports



Aided by cost competitiveness

Labor Cost Comparison

Metric	China	India	Vietnam
USD / Mo wages	800	200	475
Productivity	1	2.5	1
Equalized Mo	800	500	712
Cost comparison	0	-37%	-11%

Logistics cost at a glance

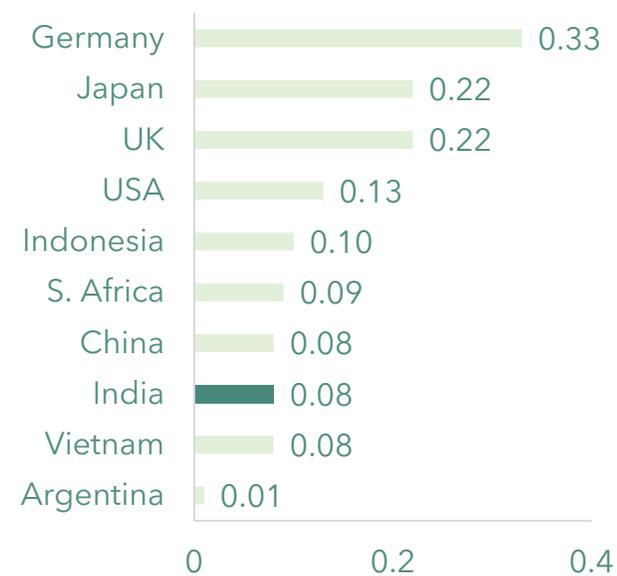
Cost	China	India	USA
Logistics performance index	3.6	3.2	3.9
Logistics spent as a % of GDP	18	14	8.5

Source: Worldbank, Industry

Components of logistic cost (as a % of GDP)

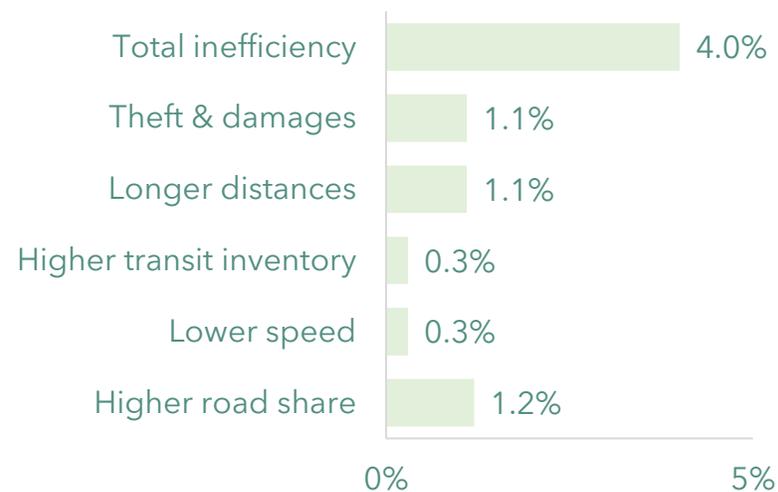
Cost	India	Developed countries
Transportation	7%	5-6%
Inventory cost	6.3%	2-3%
Administration	0.7%	0.5-1%

Power cost is same as China & Vietnam



Source: statista.com

Inefficiency set to go -DFC & infrastructure reforms



Source: Nuvama reports

Every small reform like fastag, etc. has a big impact on the logistics cost by reducing the time travel by ~15-20%. Opportunity to bring efficiency of 3-4% (GST, More efficient supply chain, Infrastructure)

India is becoming cost competitive at a global scale

China+1 shift will create big opportunities



Worlds over dependence on China currently



16% Global GDP



28% Global manufacturing
(ranked no. 1)



58% global footwear production
(Ranked no. 1)



70-85% World solar power components



36% World's chemical production
(ranked no. 1)



17% Capital goods exports as % of total export



35% Textile & clothing exports as a % of total exports



10% Auto component exports as a % of total auto component exports



60-65% Global electric vehicles

China will continue to be a big player; however small SHIFTs will create BIG opportunities for India



Which sectors will benefit

Metric	Import Substitution	Export Opportunity	Market Consolidation
Chemical, API & Pharma			
Capital goods			
Consumer Electronics & Durables			
Auto & Auto Ancillaries			
Defense			
Industrial Capex Ancillaries			
Building Materials			

Who will benefit - characteristics of companies

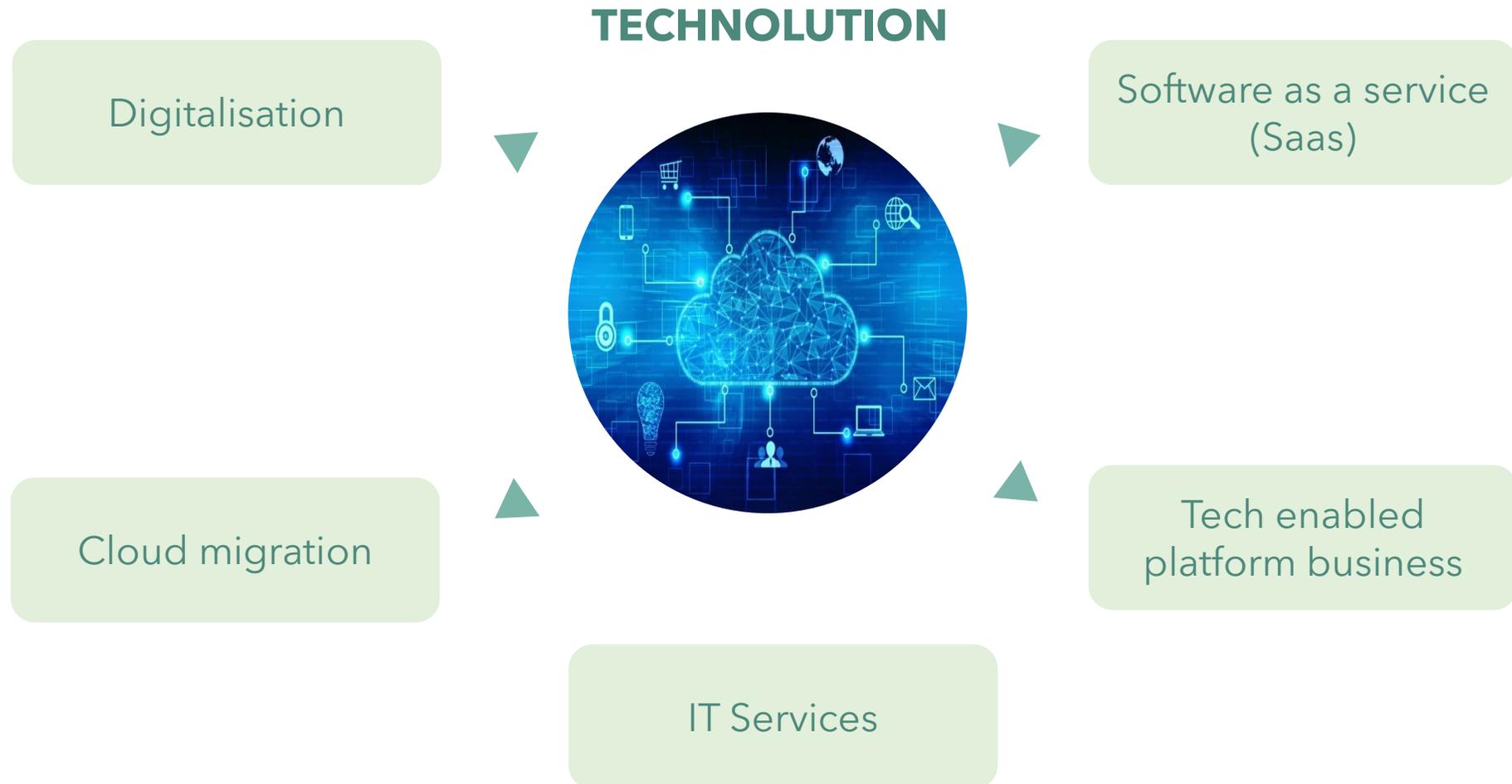
- Core competence/ niche capability
- Proven track record / platform
- Strong balance sheet
- Strong Governance
- Existing presence (market share)



Reliability factor
 Cost effectiveness
 Differentiated IPs
 Customer base



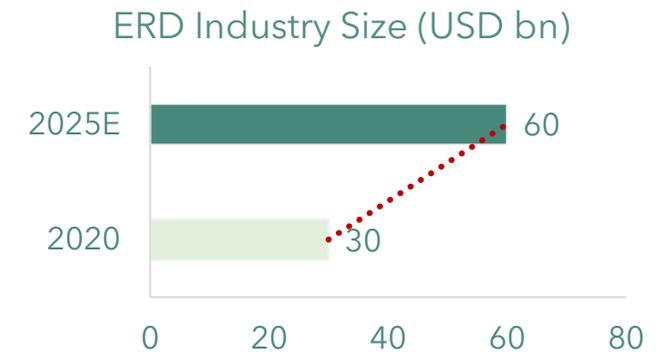
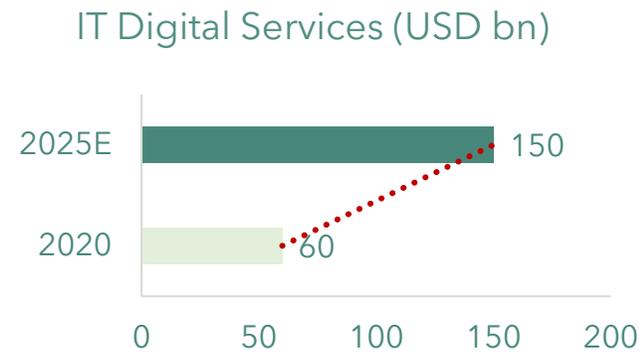
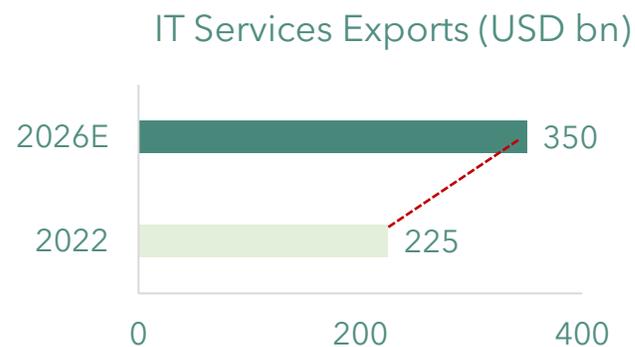
Key emerging tech shifts accelerated post pandemic



Technology - IT Services



- Covid has prompted companies worldwide to rethink & shift; Indian IT Tech companies an important cog in the wheel
- Demand for digital spending is “global” & supply is only “local”
- **IT services exports industry to grow from USD 225bn in 2022 to USD 350bn by 2026**
- 50% of the revenue getting spent as salaries/wages in the economy as first order effect which will boost consumption. Second and third order effect yet to follow.



Risk factors

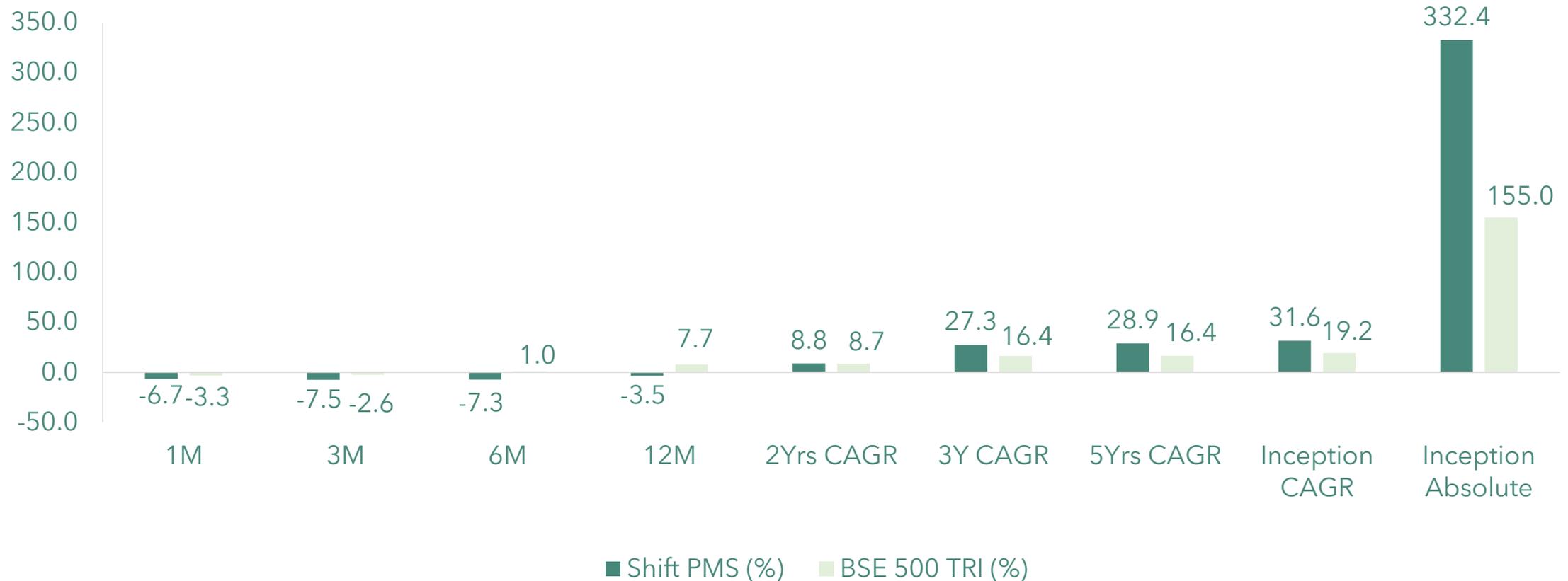


- Global meltdown of economy affecting overall demand
- World's softening stance against China
- Geo - Political risks
- Banking system risks
- Slowing down of reforms and change in government policies
- Significant currency appreciation



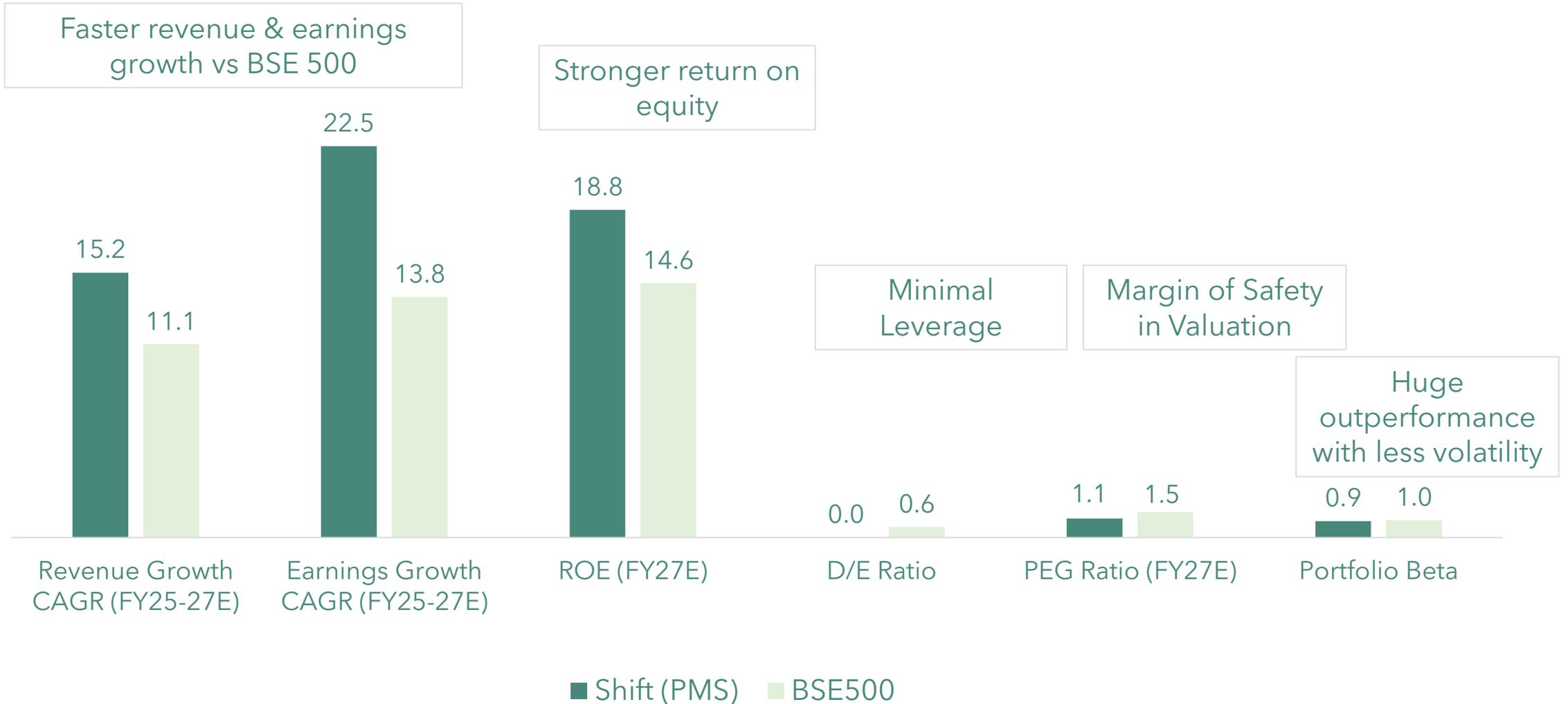
PORTFOLIO PERFORMANCE & ATTRIBUTES

Performance as on 31st January 2026



Note - Inception Date - 6th October 2020. Above returns are at strategy level & net of expenses. Above 1year returns are annualized.

Faster, Stronger, Cheaper



Faster revenue & earnings growth vs BSE 500

Stronger return on equity

Minimal Leverage

Margin of Safety in Valuation

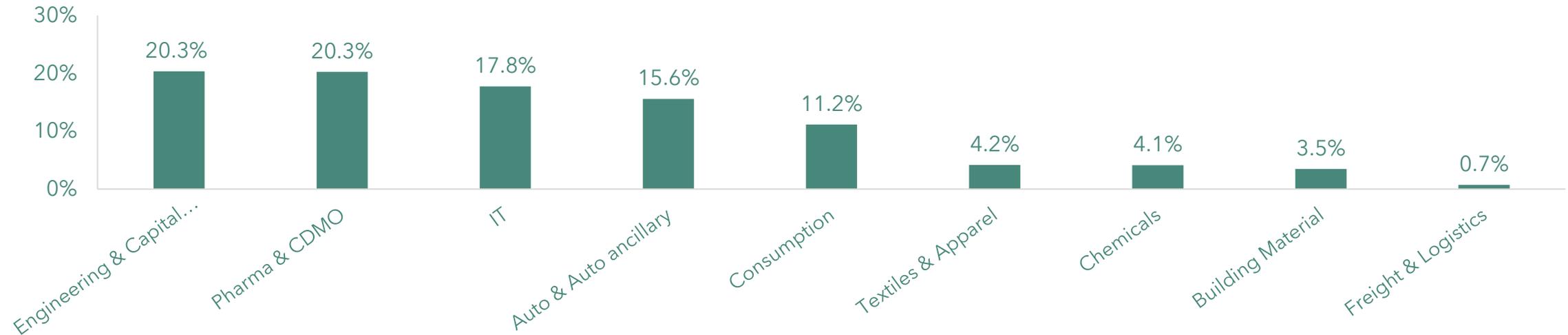
Huge outperformance with less volatility

Benchmark excludes OMC numbers.
Source - Bloomberg consensus

Holdings as on 31st January 2026



Major Sector Allocation



Major Portfolio Holdings

Company	Sector	%	Company	Sector	%
Biocon	Pharma & CDMO	7.4%	Timken	Auto & Auto ancillary	4.3%
Laurus Labs	Pharma & CDMO	5.7%	Pricol	Auto & Auto ancillary	3.9%
Kalpataru Projects	Engineering & Capital Goods	5.2%	L&T Technology	IT	3.8%
Tech Mahindra	IT	4.5%	Tata Motors	Auto & Auto ancillary	3.7%
L&T	Engineering & Capital Goods	4.4%	ASK Automotive	Auto & Auto ancillary	3.2%



Awards & Testimonials

Awards and recognition



What our investors say..



Farah Malik Bhanji, MD - Metro Brands

Vikas, Swati and the Carnelian team have done an excellent job managing our money. They have been one of the top performing funds in our portfolio for the year. Having been invested with them since inception, we have seen their strategy play out through the Covid period with great success. Carnelian's clarity and fidelity to their thesis and process inspires a lot of confidence and the results speak for themselves. I wish them all the best for their future endeavours and look forward to being a part of their journey.



Gopal Srinivasan, Chairman & Managing Director - TVS Capital Funds

Find a great manager like Vikas. I have invested in his funds and I think give people like him money because this requires a very strong navigation, break, clutch, acceleration and steering system to manage so that would be my advise to most people that there is alpha in the market and alpha can be best sought out in the hands of professionals like Vikas.



Abhishek Dalmia, Chairman - Renaissance Group

In investing, big money is made by being a contrarian. Humans derive comfort from being part of a crowd (group think). It is rare to find someone who has the conviction to stand apart from the crowd and is willing to bet money on his conviction. Vikas is that sort of guy. He bet on revival of Indian manufacturing at the peak of the first covid lockdown when he launched the Shift Strategy. The performance of the fund demonstrates that he got it right.



Chaitanya Desai, MD - Apar Industries

Carnelian tries to achieve an absolute long term consistent return with substantial alpha keeping in mind the risk reward ratio. They are pretty much modern in their investments but also traditional when it comes to capital protection utilising their expertise in Forensic Accounts.

Their culture is such that fiduciary duty to the clients is at the heart of all their actions and processes. We are definitely IMPRESS'ed by their approach to their investments.



Vikas Poddar, Founder Ashirwad Pipes

As a family office, we were looking for a new age fund manager who is in sync with India's growth story. And this is how we discovered that Carnelian, led by Mr. Vikas Khemani, will be a great choice. We have had several interactions with him and his team, which has given us immense comfort and reiterated our confidence in the Indian economy. Their performance has been a stellar.

What our investors say..



Apurva Parekh, Executive Director - Pidilite Industries

I am impressed by the fund's vision, investment philosophy, diligence process and long term approach. I have known Vikas Khemani for many years. He has deep domain knowledge and sound understanding of Indian businesses and economy. This has allowed Vikas to consistently identify superior businesses and trends ahead of the market.



Russell Mehta, MD - Rosy Blue India

Have known Vikas for many years now and I love/admire his enthusiasm, passion and aggression to invest which is very well and equally balanced with deep and meaningful research, level headedness and receptiveness. He has canny ability to foresee trends!



Yogesh Agrawal, MD - Ajanta Pharma

I was confident of Vikas' s ground up experience in investing which earned him sharp acumen in spotting the businesses that have potential to provide above index returns. Today, I can confidently say that Carnelian has lived up to the promise and delivered me sound and much above index returns so far. I am fully assured about the long term performance of Carnelian fund and would strongly recommend them to others. I wish team Carnelian all the best and healthy growth in future.



Pankaj Keswani, Founder - Alufit (India)

Ever since we got introduced, I have this feeling that here's a guy I can trust. He's like a first-generation entrepreneur. So, he knows the value of money and what it takes to build it, to create it, and save it. And if someone might say, he is who under-promises and over delivers.



Yogesh Mahansaria, MD - Mahansaria Tyres India

Vikas and his team have a great passion for investing, clarity of thinking, and deep research capabilities - all of this gave us lot of confidence to be an early investor in Carnelian Funds. Their performance over time has validated our confidence, leading us to enhance our investments with them over time; one of the best performing funds in our portfolio.



Sohil Chand, Senior Advisor, NVP India

I have known Vikas for a while & been an investor since early days. It has been the best performing PMS in my portfolio over 20 PMSes!

Contact Us



Carnelian Asset Management & Advisors Private Limited

1205/06, One Lodha Place,
Senapati Bapat Marg, Lower Parel,
Mumbai - 400013

Telephone - 022- 6937 4100

Website - www.carneliancapital.co.in

For any queries, email us as sales@carneliancapital.co.in

Disclaimer



This document has been prepared by Carnelian Asset Management & Advisors Private Limited (“Carnelian”) and is provided to you for information only. This document does not constitute a prospectus, offer, invitation or solicitation and is not intended to provide the sole basis for any evaluation of the investment product or any other matters discussed in this document. This document is made available to you because Carnelian believes that you have sufficient knowledge, experience and/or professional advice to understand and make your own independent evaluation of the risks and rewards of the investments and/or other matters discussed in this document and to make your own independent decision whether to implement the same. Any view expressed in the document is generic and not a personal recommendation and/or advice. It does not consider your risk tolerance, financial situation, knowledge and experience. Please discuss with your investment advisor if you seek advice on whether the proposed investment product are appropriate for you. The investments discussed in this document may not be suitable for all investors. Investments are subject to market risk. There can be no assurance or guarantee that any investment will achieve any specific return. Unless expressly stated, product performances are not guaranteed by Carnelian or their affiliates or any government entity. Past performance is not necessarily an indicator of future performance. Actual results may vary significantly from the forward-looking statements contained in this presentation due to various risks and uncertainties, including the effect of economic and political conditions in India and outside India, volatility in interest rates and the securities market, new regulations and government policies that may impact the business of Carnelian as well as its ability to implement the strategy. The information contained in this document has been obtained from sources that Carnelian believes are reliable, but Carnelian does not represent or warrant that it is accurate or complete, and such information may be incomplete or condensed. Neither Carnelian, nor any affiliate, nor any of their respective officers, directors, partners, or employees accepts any liability whatsoever for any direct or consequential loss arising from any upon this document or its contents, or for any omission. The views in this document are generally those of Carnelian and are subject to change without notice, and Carnelian has no obligation to update its views or the information in this document. Carnelian or its affiliates may have acted upon or have made use of material in this document prior to its publication. Carnelian does not provide legal or tax advice and should you deem it necessary to obtain such advice, you should approach independent professional tax or legal advisors to obtain the same. This document is confidential and may not be reproduced or disclosed (in whole or part) to any other person without our prior written permission. The manner of distribution of this document and the availability of the products may be restricted by law or regulation in certain countries and persons who come into possession of this document are required to inform themselves of and observe such restrictions. This document is not directed to, nor intended for distribution or use by, any person or entity in any jurisdiction or country where the publication or availability of this document or such distribution or use would be contrary to local law or regulation, including for the avoidance of doubt the US. The contents of this document have not been reviewed by any regulatory authority in India or in any other jurisdiction. If you have any doubt about any of the contents of this document, you should obtain independent professional advice. The name of the strategy does not in any manner indicate the quality of the strategy, its future prospects or returns. The product strategies mentioned in the document may change depending upon the market conditions and the same may not be relevant in future. The sector(s)/stock(s)/issuer(s) mentioned in this document do not constitute any recommendation of the same and the strategy may or may not have any future position in these sector(s)/stock(s)/issuer(s). This strategy and this presentation have been prepared for potential investors in India and may not be published or distributed in the United States. This strategy does not constitute an offer of units for sale or the solicitation of any offer to buy Units in any jurisdiction, including the United States.



THANK YOU