



CARNELIAN SHIFT STRATEGY PMS

OCTOBER 2026

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Carnelian - India's boutique investment management firm



Founded by industry leaders with a single aspiration: to build the best-in-class asset management platform defined by **values, expertise, and best practices**

~INR 21k

Crore AUM

11k+

Client accounts

22.7%

Inception TWRR

2019

Inception year

11+

Locations present

160+

Strong team

920+

Partners (September 2026)

100%

Founder owned

Accolades for
theme identification
(2021) &
absolute returns
(2021, 2023 & 2025)

Performance as on 30th September 2026. Returns are calculated on a TWRR basis, net of applicable fees and expenses. Returns more than 1 year are annualised. Performance represents the aggregate of all portfolios managed by the Portfolio Manager. Performance figures are not verified by SEBI. Investments are subject to market risks. Past performance is not indicative of future results. Please refer to the risk disclosures available on our website. This material is for information purposes only and does not constitute investment advice or a recommendation.

Founding team



Vikas Khemani

CA, CFA, CS

Experience - 28 years

Prior - Edelweiss Securities

Known for - incubating & developing several businesses into market leaders, identifying structural themes ahead of consensus, combining entrepreneurial execution with disciplined, long-term investing



Manoj Bahety

CA, CFA

Experience - 28 years

Prior - Edelweiss Securities

Known for - non-consensus research approach & pioneering differentiated forensic research, known as "Analysis Beyond Consensus" (ABC Research).



Swati Khemani

CA

Experience - 24 years

Prior - Edelweiss Securities

Known for - scaling Carnelian into one of the fastest-growing asset managers; responsible for the overall business, building strong client relationships, and shaping a cohesive, high-performing team through her leadership.

Founders with strong complementary skill sets

Competitive advantage



- Concentrated **QGARP** portfolio - **quality growth companies (business & management) at a reasonable price**
- Differentiated market insights backed by rigorous fundamental research
 - **Disciplined, first-principles investment approach**
 - **Early identification of structural themes and emerging market leaders** (Manufacturing & IT - 2020, PSU Banks - 2022, CDMOs - 2023) - won several accolades
 - Ability to **identify exceptional management** and differentiated business models early
 - Rigorous **forensic due diligence through the proprietary CLEAR framework**
- Demonstrated investment discipline during periods of market euphoria, avoiding common investment pitfalls
- Long-term approach with high active share (differentiated portfolio)

Our edge lies in capability built over time – and the discipline to deploy it consistently



CARNELIAN SHIFT STRATEGY

Shift Strategy (PMS)



- **Structural shifts create long-term investment opportunities**
 - identify and invest early in businesses positioned to benefit from these shifts as they scale over time.
- **Small & mid cap focused portfolio** capturing emerging opportunities across **Manufacturing, Consumer, Healthcare, CDMO, Technology and other sectors undergoing structural change**
 - Focus on businesses with sustainable models, strong management & governance, accelerated growth prospects and a large addressable opportunity
- Concentrated **QGARP** (quality growth companies at a reasonable price) portfolio of **~25-30 stocks**, benchmarked against the BSE 500
- Subjected to stringent Carnelian filters & forensic checks (**CLEAR framework**)

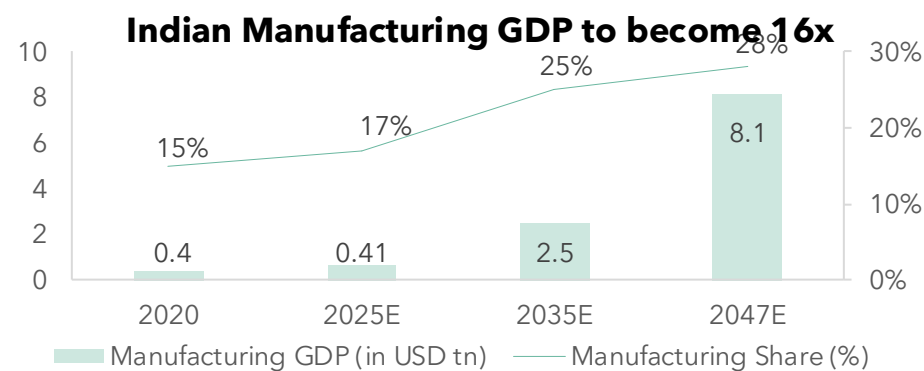
Capturing structural shifts through a concentrated portfolio of high-quality growth businesses

Exports opportunity & import substitution to kick off



Enablers

- **Govt Reforms** - PLI for Atmanirbhar Bharat, tariff & non-tariff barriers, FTAs with other countries
- **Cost Competitiveness** - Labor cost: 1/3x China; Power costs = China, Lowest tax rates globally @ 17%
- **China / Europe + 1 Shift**
- **Strong domestic markets** - Domestic markets + exports/ imports = economies of scale
- **Three powerful accelerants** will drive the next phase of India's manufacturing growth
 - The currency reset
 - The trade access explosion
 - The Interaction Effect



Indian exports will become 16x by 2047

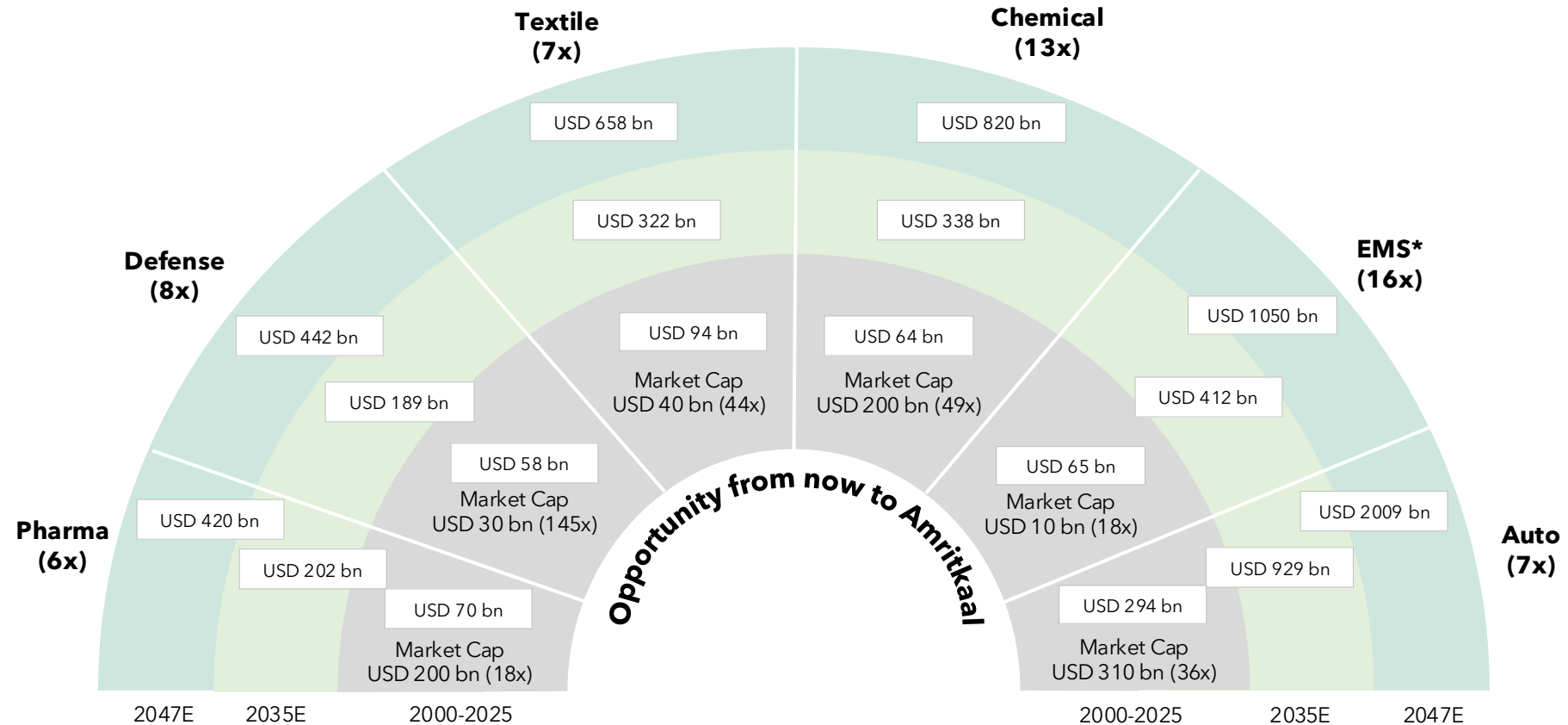
USD bn	2025	2035E	2047E	Growth
Total exports*	306	1391	4314	16x
Auto	35	111	280	8x
Textile & Apparel	38	238	600	16x
Chemical	29	223	690	24x
Pharma	30	153	345	12x
Electronics	38	220	560	15x

Total imports* 2025 - USD 454 bn which is equivalent to our today's manufacturing GDP

*Exports and import include only manufactured goods

Made in China ▶ Make in India ▶ Make for the World - "All stars are aligned"

Exponential growth across sectors...



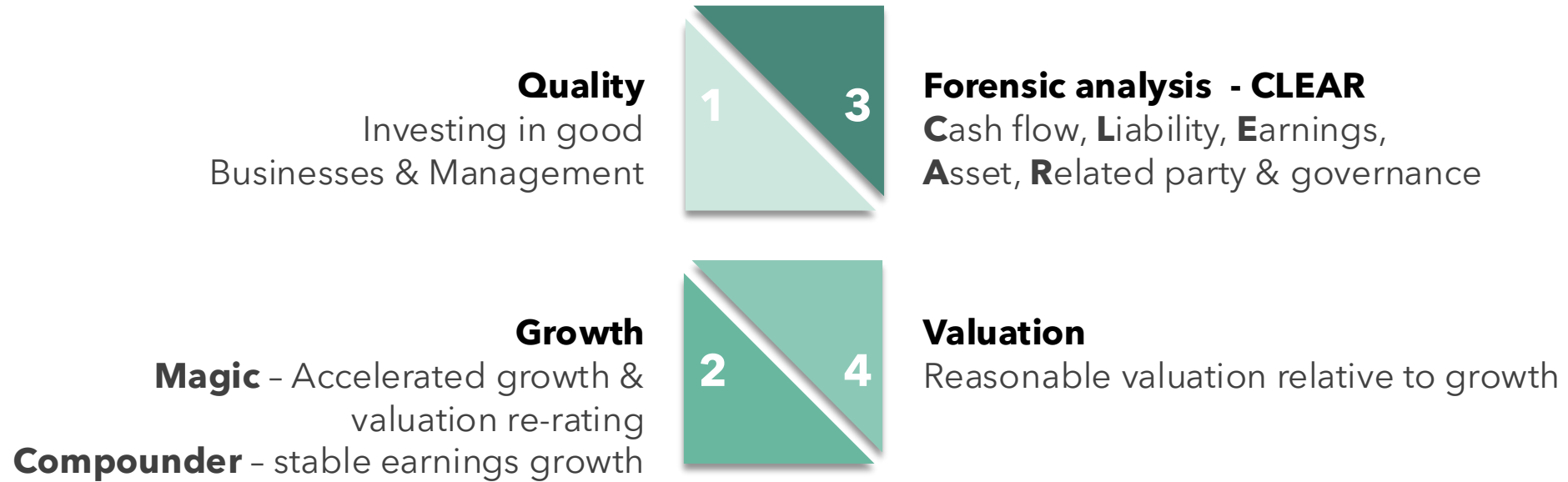
*EMS - Electronic Manufacturing Services, KPR (2010-23), SRF(2004-23), Dixon(2008-23), rest all from 2000-23, Numbers mentioned in white boxes are sector opportunity size

India's manufacturing "tail wind" will spread across including emergence of new segments



Carnelian Investment Framework

Investment framework



Quality Growth at a Reasonable Price



RISK

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

Knowing the source of risk is the key to risk management.

Investment framework - Quality



QUALITY

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

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



GROWTH

This framework works across
market cycles

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

Investing in growth acceleration that has yet to be priced in by the market leads to superior returns

Investment framework – Forensics



Portfolio designed to eliminate the risk of permanent capital loss from governance or accounting failures before capital is ever committed through CLEAR forensics

C	Cash Flow	Earnings conversion; reported vs stable cash flows
L	Liability	True debt vs reported debt, contingent liability & likely impact on future earnings; payables vs acceptances
E	Earnings quality	True economic profit vs reported profit, discretionary vs non-discretionary profit, expense capitalisation policy
A	Asset quality	Core vs non-core assets; intangible creation policy
R	Related Party & Governance	Related party transactions, complex structures (JVs/subs), off-balance-sheet arrangements – connecting the dots

Regardless of your investing style, forensic analysis helps navigate the pitfalls of human error

Investment framework - Valuation



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

Valuation discipline ensures we don't overpay for growth.

Disciplined entry



- Discipline is as much about what we refuse as what we pursue.
- Our guardrails are non-negotiable and protect the integrity of the portfolio.

Aggressive accounting practices

Avoid businesses where reported earnings materially diverge from underlying cash flows

High financial leverage

Avoid businesses with excessive leverage or where debt servicing depends on optimistic growth assumptions

Low tax incidence

Avoid businesses with persistently low tax rates inconsistent with profitability

Management misalignment

Avoid promoters with low skin in the game, poor governance track record, questionable capital allocation

Unproven business models

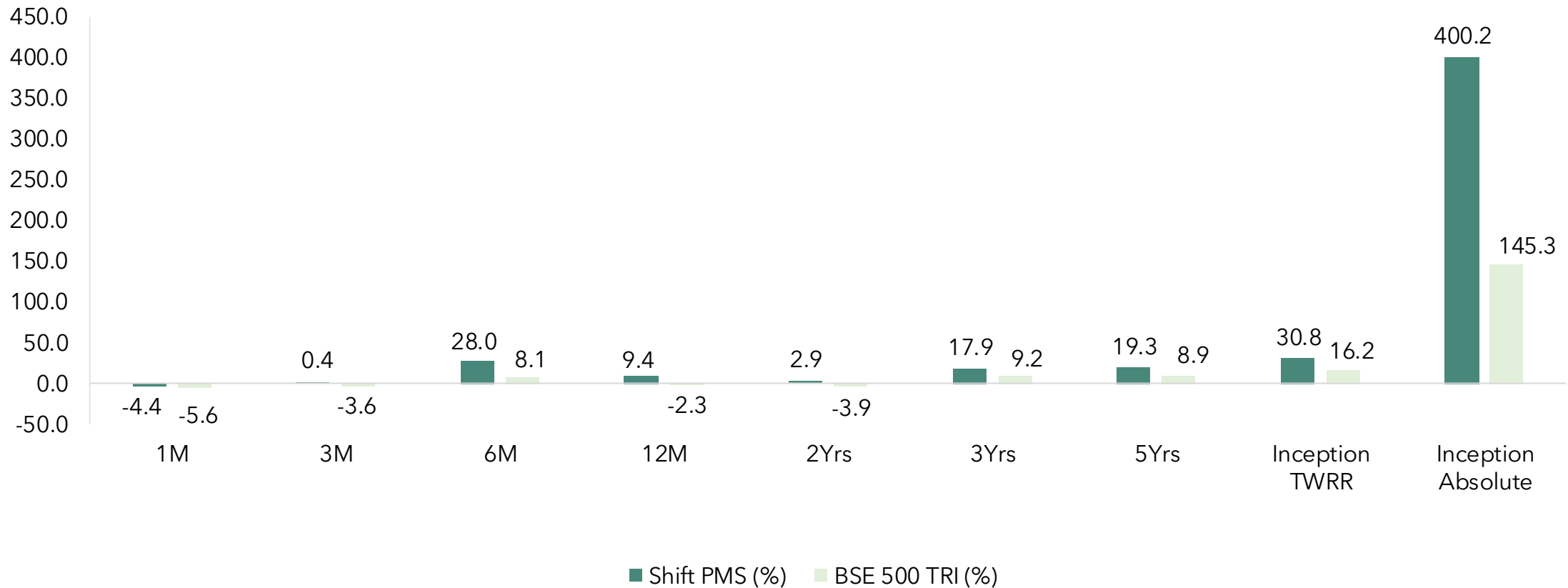
Avoid businesses where economics lack a demonstrated track record of sustainable profitability.

"Invert, always invert" - Carl Jacobi



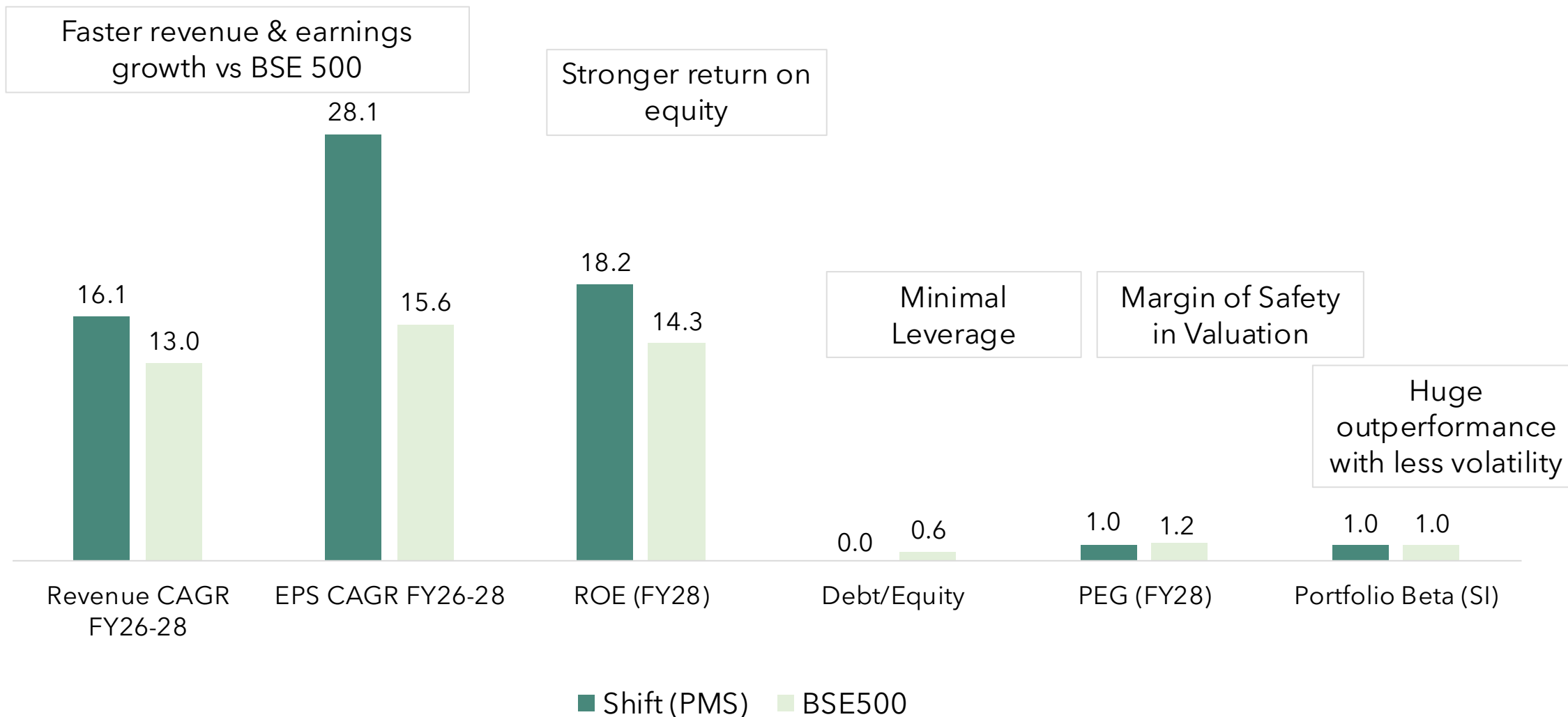
PORTFOLIO PERFORMANCE & ATTRIBUTES

Performance as on 30th September 2026



Note - Inception Date - 6th October 2020. Performance is calculated on TWRR basis, at strategy level & net of all expenses. Above 1 year returns are annualized.

Faster, Stronger, Cheaper

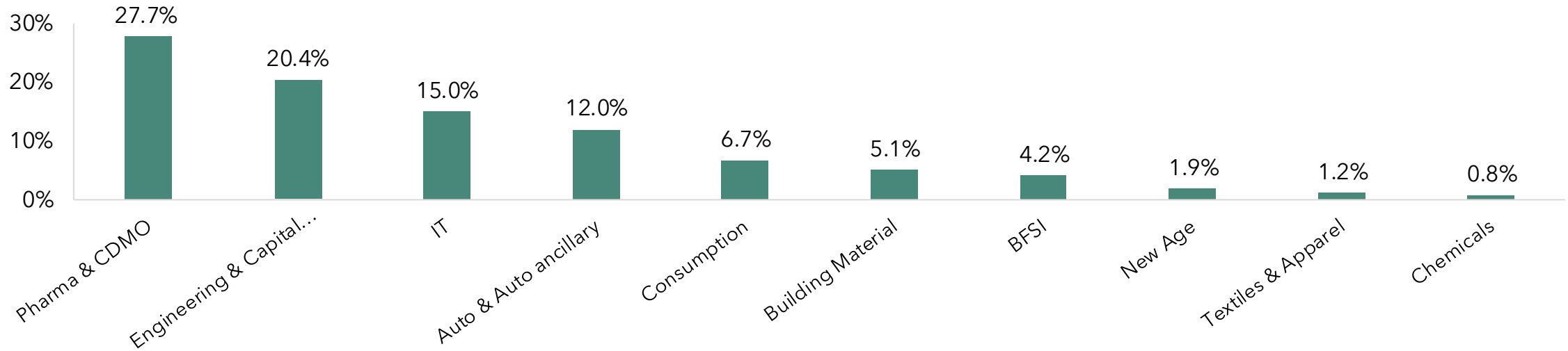


Benchmark excludes OMC numbers.
Source - Bloomberg consensus

Holdings as on 30th September 2026



Major Sector Allocation



Major Portfolio Holdings

Company	Sector	%	Company	Sector	%
Laurus Labs	Pharma & CDMO	8.2%	Pricol	Auto & Auto Ancillary	3.7%
Biocon	Pharma & CDMO	6.6%	Larsen & Toubro	Engineering & Capital Goods	3.6%
Kalpataru Projects	Engineering & Capital Goods	5.4%	Stylam Industries	Building Material	3.3%
BHEL	Engineering & Capital Goods	5.1%	Gland Pharma	Pharma & CDMO	3.2%
Timken	Auto & Auto ancillary	4.0%	Poly Medicure	Pharma & CDMO	3.2%

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 (contd.)



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



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