CARNELIAN
STRUCTURAL SHIFTS FUND SERIES II

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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	25% 3-year TWRR
2019 Inception year	11+ Locations present	135+ Strong team
920+ Partners (September 2026)	100% Founder owned	Accolades for **theme identification** (2021) & **absolute returns** (2021, 2023 & 2025)

Performance as on 31 August 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

Fund strategy – capturing India's structural opportunities

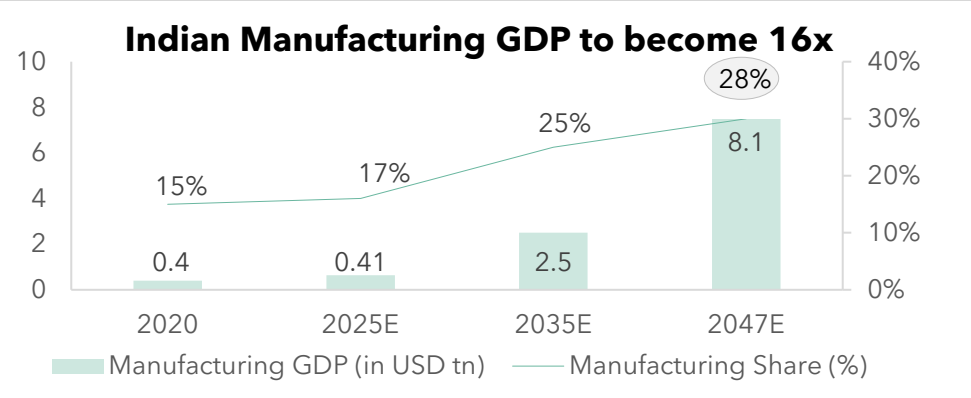
- **Structural shifts create long-term investment opportunities**
  - identify and invest early in businesses positioned to benefit from these shifts as they scale over time.
- **Small & mid cap focused portfolio** capturing emerging opportunities across **Manufacturing, Consumer, Healthcare, CDMO, Technology 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	
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**

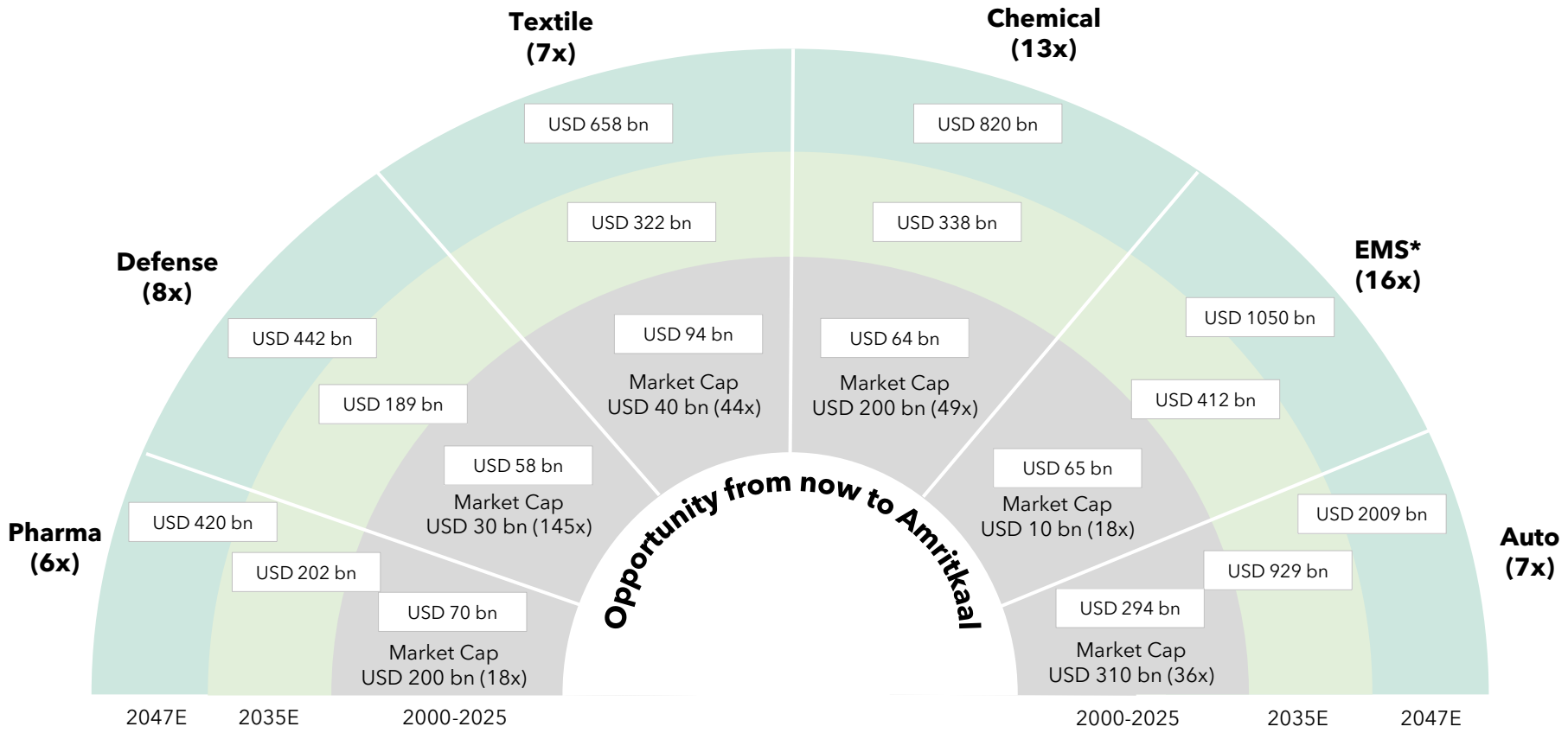
Total imports* 2025 – USD 454 bn which is equivalent to our today's manufacturing GDP

*Exports and import include only manufactured goods

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

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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

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Investment Framework

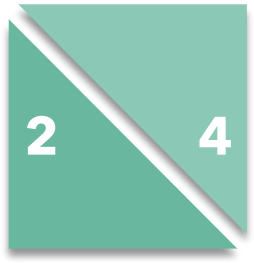
Investment framework

Quality
Investing in good
Businesses & Management



Forensic analysis - CLEAR
Cash flow, **L**iability, **E**arnings,
Asset, **R**elated party & governance

Growth
Magic – Accelerated growth & valuation re-rating
Compounder – stable earnings growth



Valuation
Reasonable valuation relative to growth

Quality Growth at a Reasonable Price

Risk approach

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.

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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

Investment framework - Growth

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

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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.

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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

Earlier series track record

Fund Name	Product	Inception	1M	3M	6M	12M	2 Yr	3Yr	5Yr	Inception CAGR	Alpha CAGR
Shift	PMS	Oct-20	-4.4%	0.4%	28.0%	**9.4%**	2.9%	17.9%	19.3%	**30.8%**	**14.7%**
Structural Shift	AIF	Apr-22	-0.5%	7.6%	42.0%	**23.0%**	8.1%	21.4%	-	**24.2%**	**15.8%**
BSE 500 TRI			-5.6%	-3.6%	8.1%	**-2.3%**	-3.9%	9.2%	8.9%		

Notes:
Data as on 30th September 2026. Above returns are calculated on TWRR basis which are pre-tax and post expenses. Returns below 1 year are absolute and above 1 year are annualized
With effect from March 23, 2026, the investment objectives have been broadened to reflect structural shifts in the Indian economy and the evolving post-COVID-19 global macroeconomic environment, enabling greater flexibility to capture long-term opportunities.

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Key terms

Structure	Close ended Category III Alternative Investment Fund (AIF)
Tenure	7 years (after first close), extendable 2 years
Target fund size	INR 2,000 crores including INR 1,000 crores green-shoe option
Commitment period	Indicative 12 months
First closure	15-10-2026 *(Indicative)*
Sponsor commitment	As per SEBI AIF Regulations
Drawdown schedule	25% initial drawdown + subsequent drawdowns every quarter
Operating Expenses	Charged on actuals + taxes & statutory levies
Redemption	Monthly redemption window available after final closure subject to exit load provisions
Taxation	No specific pass through status accorded to a Category III AIFs. Trust taxation principles to apply to the AIF and practically, taxes to be discharged at the AIF level

Note - Penal interest & default penalty is applicable for defaulting investors. Opex upper cap is at 0.75% p.a.

Read PPM for more details

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Fee structure

Fixed Fee Plan		
Contribution Amt. (In Cr.)	**Unit Class**	**Management Fee p.a.***
1 - 4.99	A1	2.50%
5 - 14.99	A2	2.25%
15 - 24.99	A3	2.00%
25 - 49.99	A4	1.75%
50 - 199.99	A5	1.50%
>200	A6	1.40%

Semi Variable Fee Plan				
Contribution Amt. (In Cr.)	**Unit Class**	**Management Fee p.a.***	**Hurdle Rate$**	**Performance Fee (without catch up)**
1 - 4.99	B1	1.50%	8%	15%
5 - 14.99	B2	1.50%	8%	15%
15 - 24.99	B3	1.25%	8%	15%
25 - 49.99	B4	1.00%	8%	15%
50 - 99.99	B5	0.90%	8%	15%
>100	B6	0.75%	8%	15%

Note:
Fee structure as applicable for clients originated by distributors.
*Accrue daily, payable on monthly basis plus taxes and all statutory levies as applicable.
$ Hurdle rate is IRR per annum pre-tax and post expenses in INR terms (based on Microsoft excel XIRR function) compounded annually.
Exit Load – 1% if redeemed within 24 months from final close

Indicative drawdown

Drawdown	Tentative Month	Investor Contribution	Cumulative initial contribution for new investor
Initial Drawdown	Sept 2026	25%	25%
Drawdown 1	Dec-Jan 2027	25%	50%
Drawdown 2	Mar-April 2027	25%	75%
Drawdown 3	Jun-July 2027	25%	100%

- From launch of fund till first drawdown, all investors would have to pay initial contribution of 25%.
- Drawdowns will be scheduled in a 25% (x4) format as mentioned in the table above.
- investors on-boarded after the first drawdown period will have to pay cumulatively to the tune of all previously called drawdowns.
- For example, any investor on-boarded after the call of "Drawdown 1" shall have to pay initial contribution plus the called drawdown, i.e. 50% as initial contribution.
- Another example, any investor on-boarded after last drawdown called, shall have to pay initial contribution as 100%.
- No investors shall be on-boarded post final close (1 year from first close or 1,000 investors whichever is earlier).
- Above is subject to change, as the discretion of IM or regulatory update. Drawdown timelines are tentative.

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

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