

Form ADV
Part 2A Brochure

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Artha Capital Management, Inc.

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This brochure provides information about the qualifications and business practices of Artha Capital Management, Inc. If you have any questions about the contents of this brochure, please contact us at (203) 653-5300 or investorrelations@arthacapital.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

This brochure and additional information about Artha Capital Management, Inc. are also available on the SEC's website at www.adviserinfo.sec.gov.

We are an investment adviser that is registered with the United States Securities and Exchange Commission. Registration with the United States Securities and Exchange Commission does not imply a certain level of skill or training.

This brochure does not constitute an offer to sell or the solicitation of an offer to purchase any securities of any entities described in the brochure. Any such offer or solicitation will be made solely to qualified investors by means of a private placement memorandum and related subscription materials.

Material Changes

We have made changes to this Part 2 brochure from the previous version filed on March 30, 2011, including changes to our assets under management; however we do not believe any of these changes are material. We encourage everyone to fully review this Form ADV Part 2A.

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1. Advisory Business

Artha Capital Management, Inc. provides investment management and certain administrative services to pooled investment vehicles, which are commonly referred to as hedge funds. Artha Capital was founded in April 2002 by its two principals, Jaideep Khanna and Michael Schwabe. Mr. Khanna and Mr. Schwabe are our portfolio managers. Our total assets under management were approximately \$1.6275 billion as of February 29, 2012. All of these assets are managed on a discretionary basis.

We maintain offices in Connecticut and in Singapore. Both offices have full research and trading capabilities. Artha Capital has been registered with the Securities and Exchange Commission since November 2007. In September 2008, we registered as a Foreign Institutional Investor with the Securities and Exchange Board of India.

We manage the assets of three funds, which we refer to as the Artha Funds. These funds all follow the same strategy and generally invest in the same long and short securities, but in different proportions based on their net asset values. The Artha Funds are:

- Artha Emerging Markets Fund, L.P. (Artha LP)
- Artha Emerging Markets Fund, Ltd. (Artha Offshore)
- Artha Emerging Markets ERISA Fund, Ltd. (Artha ERISA)

The Artha Funds investment objective is to generate positive annualized returns through long and short investments in emerging market countries. We primarily focus on publicly-listed equities. The Artha Funds' investment portfolio is generally comprised of the following investment types:

- long and short core positions based on fundamental research;
- long and short trading positions which take advantage of market volatility and over or undervaluation; and
- relative value positions to take advantage of pricing anomalies between securities with similar characteristics.

We do not offer investment advice based on the particular situation of each investor in the Artha Funds. Rather, we provide investment advice to the Artha Funds as described in each fund's offering memorandum. Each investor should consult its own advisor to determine the suitability of an investment in one of the Artha Funds.

2. Fees and Compensation

Performance and Management Fees

We currently charge investors a management fee, a performance fee and, in the case of Artha ERISA, an administrative fee. Our fees are not negotiable. We have the discretion to

waive payment of fees for certain investors, including our affiliates, employees or their family members.

- *Management Fee:* We withdraw an asset based fee from each Artha Fund on a quarterly basis at the beginning of each calendar quarter. Investors who made an investment between May 2002 and December 2004 pay a 1.5% management fee. All other investors pay a 2.0% management fee. The management fee is based on the net asset value of fee paying investors, calculated on the first business day of each quarter. We accept subscriptions on a monthly basis. If an investor makes a subscription during a quarter, we withdraw the management fee on a pro rata basis based on the number of months remaining in the quarter.
- *Performance Fee:* We withdraw a performance based fee equal to 20% of each investor's annual net realized and unrealized profits, subject to a "loss carryforward" or "high water mark" limitation. We deduct the performance fee from each investor's account at the end of each calendar year. We deduct the performance fee at the time of redemption whenever an investor is redeeming, but only on the withdrawn amount. The performance fee for Artha Offshore is credited to us. The performance fee for Artha LP and Artha ERISA is credited to our affiliate, Artha Capital Advisors, LLC. Performance fees charged are intended to comply with the provisions of Rule 205-3 under the Investment Advisers Act of 1940.
- *Administrative Fee:* For Artha ERISA only, investors are charged a fixed quarterly administrative fee for certain administrative services, including research-related travel and internal accounting and risk systems. We deduct the administrative fee at the beginning of each calendar quarter. The administrative fee is equal to 0.05% per year of the net asset value of Artha ERISA.

The performance fee may create an incentive for us to make investments that are riskier or more speculative than would be the case without the performance fee. In addition, the performance on which performance based compensation is calculated includes unrealized gains on investments that may not ultimately be realized.

Early Withdrawal Charges

Investors in Artha LP and Artha Offshore are subject to a penalty if they redeem an investment within the first twelve months from the date the investment is made. This early withdrawal charge is equal to 3% for investments made between October 2005 and December 2010. The early withdrawal charge is equal to 5% for investments made at any other time. We may waive any early withdrawal charge in our sole discretion.

Expenses

Investors will bear not only our fees, but also other fees and expenses of the Artha Funds. Expenses borne by the Artha Funds may include:

- accounting costs, including audit expenses and tax return preparation costs;

- administration costs;
- legal fees, including costs of revising fund documents and any defense of the Artha Funds in any litigation or investigation;
- insurance costs, including director and officer insurance and errors and omissions insurance; and
- research-related expenses incurred in connection with due diligence investigations as to investments or potential investments.

We may, in our sole discretion, choose to absorb any of these expenses incurred on behalf of the Artha Funds.

From time to time we may enter into side letter arrangements with certain investors in the Artha Funds in which we grant them preferential terms. These preferential terms could include, among other things, information rights, redemption rights or fees.

The Artha Funds will incur brokerage and transactions costs. For more information on these costs, please see Item 9: Brokerage Practices.

Neither our firm nor any of our employees receives any transaction-based compensation for the sale of securities or other investment products, including charges or fees from the sale of mutual funds.

3. Performance-Based Fees and Side-By-Side Management

Our affiliate, Artha Capital Advisors, LLC, receives a performance-based fee from investors in Artha LP and Artha ERISA. In addition, we receive a performance-based fee from investors in Artha Offshore. We also charge the Artha Funds a management fee and, for Artha ERISA, an administrative fee.

We do not believe that fund investors are subject to a risk that Artha Capital will favor funds on the basis of their fees because: (1) the fees are generally the same for all three Artha Funds and (2) the Artha Funds generally invest in the same long and short investments in relative proportions according to exposure targets.

4. Types of Clients

We provide advisory services to the Artha Funds. The Artha Funds are hedge funds. Our underlying investors include:

- high net worth individuals;
- family offices;
- funds of hedge funds;

- endowments and foundations;
- pensions; and
- insurance companies.

The Artha Funds require a minimum subscription amount of US \$1,000,000, though we may accept lesser amounts in our sole discretion. In addition, investors must satisfy all of the eligibility criteria set forth in our offering documents for the relevant Artha Fund. We reserve the right to reject any subscriptions.

5. Method of Analysis, Investment Strategies and Risk of Loss

General

Our investment approach is based on fundamental research and is intended to exploit valuation anomalies, trends and events. Although the Artha Funds are authorized to invest on a worldwide basis, the investment emphasis is on securities of emerging market companies. In addition to long positions in equity securities deemed undervalued and short positions in securities deemed overvalued, we also look for relative value positions in securities or groups of securities.

Investment Methodology

Our research process seeks to identify mispriced securities whose underlying fundamental characteristics have been inadequately recognized or valued by the market. The process is usually focused on larger capitalization markets. Our investment methodology is based on fundamental analysis. This includes both a “top down” review of global and local “macro” factors, such as political and economic conditions, as well as a “bottom up” review, which focuses on the operating, financial and strategic prospects for a particular company. Some elements of the analytical approach which we use include:

Fundamental Macro Analysis. This includes analysis of a variety of factors related to each emerging market country we invest in, including political climate, fiscal discipline, independence and competence of central bank and monetary policy, and financing requirements and cash flow analysis. We also analyze global market conditions, with a focus on interest rates and GDP growth outlook for the U.S., Japan, and the Euro-zone, analysis of the state of global liquidity and inflation, commodity prices and their impact on inflation, and the state of consumer confidence and its impact on producers. The purpose of the analysis is not only to monitor macro conditions, but to identify marginal changes, and assess whether markets have correctly factored changing conditions into security prices.

Fundamental Bottom Up Analysis. This includes analysis of a variety of factors related to specific companies, including industry issues, company dynamics, company management, accounting issues, financial statements and valuation. Our bottom-up research process is based on our knowledge of the companies we follow and our ability to identify important marginal changes in the drivers of a company’s business and valuation. The process involves quantitative and qualitative screening of securities to identify candidates for either long or short positions.

These candidates are then scrutinized to develop the investment thesis and corroborate its validity.

The bottom-up research process seeks to:

- identify valuation anomalies, whose implicit assumptions are inconsistent with a particular company's business and cash flow prospects;
- identify changes in key drivers that will lead a company to significantly revise (up or down) expected earnings, cash flow or return on capital; and
- identify the catalyst that will cause either or both of the above to be recognized by the market.

Risk Management

Our portfolio managers, Jaideep Khanna and Michael Schwabe, have final authority for all the funds we manage. With input from our investment team, they determine the sizing of positions and the Artha Funds' gross and net exposures. We generally seek prudent concentration in countries, sectors and individual securities. We have established concentration guidelines for particular issuers, as well as countries and sectors. While we expect to adhere to these guidelines, they are not strict position limits and we may deviate from the guidelines from time to time without notice to investors.

Investment Techniques

We utilize a variety of investment techniques, including the use of short selling, leverage, options, futures, forwards and derivatives, in seeking to achieve our investment objective. We have the right to utilize other investment techniques in furtherance of these investment objectives.

Risk of Loss

Investing in securities involves significant risk of loss that the Artha Funds, and all of the investors in those funds, should be prepared to bear. As with any investment approach, our strategy and methodology cannot assure any given level of investment return or that the Artha Funds' investment objectives will in fact be realized. The following is a summary of some of the materials risks of our strategy:

Investment Methodology. We believe a primary risk of loss for our funds is related to stock selection. In implementing our investment methodology, we utilize investment techniques such as short sales, leverage, options, swaps and other derivatives investments, including futures contracts, which practices can exacerbate the adverse impact of poor stock selection. Therefore, if we are unable to successfully implement the investment methodology described above to identify undervalued and overvalued companies, the Artha Funds could suffer significant losses. We try to mitigate this risk through portfolio construction, which includes exposure and risk management, and attention to position sizing and liquidity. While risk controls, including

hedging strategies, is a focus of our strategy, if we are unsuccessful in implementing these controls the Artha Funds could suffer significant losses.

Investments in Emerging Markets. The Artha Funds invest primarily in emerging markets. Investing in emerging markets involves additional risks and special considerations not typically associated with investing in developed markets. These risks include, among others:

- increased risk of nationalization or expropriation of assets or confiscatory taxation;
- greater social, economic and political uncertainty, including war;
- greater volatility, less liquidity and smaller capitalization of markets;
- greater volatility in currency exchange rates;
- greater controls on foreign investment and limitations on realization of investments, repatriation of invested capital and on the ability to exchange local currencies for U.S. dollars;
- increased likelihood of governmental involvement in and control over the economy;
- less extensive regulation of the markets;
- longer settlement periods for transactions and less reliable clearance and custody arrangements;
- less developed corporate laws regarding fiduciary duties of officers and directors and the protection of investors; and
- certain considerations regarding the maintenance of financial instruments with non-U.S. brokers and securities depositories.

This is a summary of certain risks associated with our investment strategy. All investors in the Artha Funds receive an offering memorandum prior to investing. These offering memoranda contain a more detailed discussion of the risks which should be considered before making an investment in one of the Artha Funds. An investment in an Artha Fund should only be made after review of the applicable offering memorandum, and in particular the risk factors described in those materials.

6. Disciplinary Information

We do not believe there have been any legal or disciplinary events that are material to our advisory business or the integrity of our management.

7. Other Financial Industry Activities and Affiliates

Artha Capital has material business relationships with the following affiliated entities:

- *Artha Capital Advisors, LLC*: Our affiliate, Artha Capital Advisors, LLC, is the general partner of Artha LP. It also holds performance allocation shares of Artha ERISA. It has identical ownership with Artha Capital.
- *Artha Capital Singapore Pte. Ltd.*: Artha Capital Singapore Pte. Ltd operates our Singapore office. It is wholly-owned by Artha Capital. It acts as a sub-advisor to certain Artha Funds and is compensated under the terms of an agreement with Artha Capital.

While these entities share the same owners as Artha Capital, we do not believe that our relationships with these entities cause a conflict of interest with the Artha Funds. These relationships are fully disclosed to all investors in the Artha Funds prior to their investment. In addition, potential conflicts are mitigated because the Artha Funds generally invest in the same long and short investments in relative proportions according to exposure targets.

8. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

We have adopted a Code of Ethics which recognizes our fiduciary duty to act in the best interests of the Artha Funds. We adopted the Code of Ethics to: (1) avoid the inappropriate use of material, nonpublic information; (2) prevent any improper personal trading; (3) identify actual and potential conflicts of interest; and (4) provide a means to address any actual or potential conflicts of interest.

Our Code of Ethics generally requires our employees to pre-clear any transaction in their personal accounts, subject to certain limited exceptions for securities such as money market and open-end funds. Generally we will not allow an employee to purchase for their own personal account any security currently in the Artha portfolio or which Artha is in the process of buying or selling. In order to ensure that our employees are appropriately focused on their obligations to the Artha Funds, personal securities transactions are subject to a 30-day holding period.

We have adopted procedures, in accordance with internal and SEC requirements, to monitor adherence to our personal trading policy. These procedures include:

- we distribute our Code of Ethics to all employees prior to hiring;
- we provide training to all employees at the time of hiring and periodically thereafter;
- we require all new employees to submit an initial holdings report, and to provide annual updates thereafter;
- we require all employees to submit quarterly transaction reports;

- we require all employees to provide duplicate copies of their brokerage statements or, if such statements are not available, transaction reports; and
- we require initial and annual certifications from all employees regarding compliance with the Code of Ethics.

We may purchase or sell for the accounts of the Artha Funds securities in which we, our employees or affiliates have a position. In addition, our employees may invest in the Artha Funds.

All clients and prospective clients may obtain a copy of our Code of Ethics by writing to our Chief Compliance Officer at Artha Capital Management Inc., 300 First Stamford Place, Suite 440, Stamford, Connecticut 06902.

9. Brokerage Practices

The Artha Funds' securities transactions generate a substantial amount of brokerage commissions and other transaction based costs, all of which are paid directly by the Artha Funds. We have complete discretion over the choice of brokers and dealers the Artha Funds use and the commission rates paid. In selecting brokers, we may or may not negotiate "execution only" commission rates. We do not have an obligation to seek the lowest available commission cost when selecting brokers. In general, any and all brokerage allocations for the Artha Funds will be subject to the principles of best execution or other allocation policies described in the Artha Funds' offering documents, as well as any restrictions imposed by law.

In selecting broker-dealers for client transactions, we consider a number of factors, including the following:

- commission rates;
- quality of execution;
- investment research and analytic services provided;
- expertise in particular markets;
- reputation, experience and financial stability;
- quality of service, including familiarity both with investment practices generally and the techniques employed by the Artha Funds;
- clearing and settlement capabilities;
- availability of margin or other leverage; and
- ability to execute difficult transactions.

We obtain certain brokerage and investment research products or services in exchange for commission payments in excess of what other broker-dealers might charge for effecting the same transaction. This is known as a “soft dollar” arrangement. These research products or services include fundamental investment research reports, macro research, technical and portfolio analyses, and other products and services that assist us with our investment decision making or trading process. By using client brokerage commissions to obtain research products and services, we receive a benefit because we do not have to produce or pay for the research products or services. Therefore, we may have an incentive to select a broker based on our interest in receiving the research products or services, rather than on the Artha Funds’ interest in receiving the most favorable execution.

Section 28(e) of the Securities Exchange Act of 1934 provides a “safe harbor” to investment managers who use commission dollars of their advisory accounts to obtain investment research, brokerage and other services that provide lawful and appropriate assistance to the manager in performing investment decision making responsibilities, provided that the amount of any increased commission costs for such research or other services is reasonable relative to the value of the services provided. We utilize allocations of commission dollars to pay for products or services that qualify as “research and brokerage services” within the meaning of Section 28(e), pursuant to arrangements that meet the requirements of Section 28(e). We are not required to allocate the benefits provided by a particular soft dollar expenditure to a particular client and may not do so. However, the Artha Funds generally invest in the same long and short investments in relative proportions according to exposure targets. Therefore, we believe that all of the Artha Funds benefit proportionally in our soft dollar expenditures.

Subject to certain exceptions, the Artha Funds are treated as one fund for trade aggregation and allocation purposes. When we deem the purchase and sale of securities to be in the best interests of more than one fund, we generally aggregate the securities to be purchased or sold in order to obtain superior execution and/or lower brokerage expenses. In particular, execution prices for identical securities purchased or sold on behalf of multiple Artha Funds in any one business day may be averaged. In these cases, allocation of the securities purchased or sold, as well as expenses incurred in the transaction, will be made among the participating Artha Funds by applying such considerations as we deem appropriate. No one fund is necessarily entitled to investment priority over other funds and may not participate in every investment opportunity. With limited exceptions, however, we aggregate trades and allocate executions and related expenses to each fund pro rata in proportion to their net asset value as of the beginning of each month.

We have established a “Best Execution Committee” to manage and oversee the best execution process, evaluate our trade management procedures, review and resolve trade errors, and make recommendations, when appropriate, to senior management on how to improve trading practices. This Committee is also responsible for reviewing our soft dollar arrangements.

From time to time we experience trading errors. An example of a trade error is a buy order executed as a sell, or the wrong security is purchased or sold. Because we manage the Artha Funds on a discretionary basis, trade errors will generally be caused either by us or the executing broker. The Artha Funds may retain any gains resulting from trade errors. If trade error gains and losses occur in a calendar quarter for trading activity on behalf of Artha LP or

Artha Offshore, those gains and losses may be netted against each other. If there is a net gain, it will be credited to the applicable fund. If there is a net loss, we will reimburse the fund the amount of the loss. For Artha ERISA, we do not permit netting of trade error gains and losses. If we cause a trade error for Artha ERISA, we will reimburse the fund the amount of the loss. We never correct a trading error in one fund by offsetting it against another fund. We do not use soft dollars to correct trade errors, nor do we use future brokerage to compensate a broker for absorbing the cost of correcting an error in an earlier transaction.

10. Review of Accounts

Our portfolio managers, Jaideep Khanna and Michael Schwabe, maintain constant oversight of the Artha Funds' portfolios, reviewing them on a daily basis. Mr. Khanna, in our Singapore office, and Mr. Schwabe, in our US office, generally meet daily with our traders and analysts prior to the markets open to discuss the portfolio. These meetings are intended to review portfolio risk, present holdings, possible opportunities and to discuss recent or upcoming events. The meetings also include a review of risk reports.

We furnish investors audited financial statements as soon as practicable after the end of each year. Our administrator distributes monthly statements which contain account balances and relevant investment returns. We also furnish, as soon as practicable after the end of each taxable year, information necessary for investors to complete federal and state income tax or information returns, along with any other tax information required by law.

11. Client Referrals and Other Compensation

Our firm does not, nor do any principals or employees of our firm, receive any economic benefit from non-clients for providing advisory services to our clients.

Our firm does not, nor do any principals or employees of our firm, compensate anyone for client referrals.

12. Custody

While it is our practice not to accept or maintain physical possession of our clients' assets, we are deemed to have custody of their assets under Rule 206(4)-2 of the Investment Advisers Act of 1940 because we have the authority to access our clients' funds and deduct fees and expenses from their accounts.

In keeping with our fiduciary duties and regulatory requirements, we comply with Advisers Act Rule 206(4)-2, which requires an investment adviser with custody of client assets to comply with the following requirements:

- maintain fund assets with a "qualified custodian" in a separate account for each fund under that fund's name;
- have the assets audited at least annually; and

- distribute audited financial statements prepared in accordance with generally accepted accounting principles to all limited partners, members, or other beneficial owners of the funds within 120 days of the end of each fiscal year.

13. Investment Discretion

We accept discretionary authority to manage our clients' securities accounts. This authority is granted in investment management agreements we entered into with the Artha Funds. This means that we have the authority to determine, without obtaining specific consent from the Artha Funds or their investors, which securities to buy or sell and the amount of securities to buy or sell. We are committed to adhering to the investment strategy set forth in each of our clients' offering documents.

Before accepting their subscriptions for interests or shares, we provide all potential investors in the Artha Funds with an offering memorandum that sets forth, in detail, our investment strategy. By completing our subscription documents to acquire an interest or shares in one of our funds, investors give us complete authority to manage their investments in accordance with the offering memorandum they received.

14. Voting Client Securities

We have the authority to vote proxies on behalf of the Artha Funds. We have contracted with Institutional Shareholder Services (ISS), a provider of proxy voting and corporate governance services, to provide research on corporate governance issues and corporate actions, make proxy vote recommendations and handle the administrative functions associated with proxy voting. While ISS makes the proxy vote recommendations, we retain the ultimate authority on voting decisions. Neither the Artha Funds nor their investors can direct us to vote client proxies in a certain manner.

As a fiduciary, we vote proxies in the best interests of the Artha Funds. Generally we follow the vote recommendations made by ISS, though we retain the right to determine the vote on all proxies. In any instance where a conflict of interest arises, we will vote in accordance with ISS recommendations.

Clients may obtain a copy of our proxy voting policy and a record of our proxy votes by sending a written request to our Chief Compliance Officer, 300 First Stamford Place, Suite 440, Stamford, Connecticut 06902.

15. Financial Information

We do not require, nor do we solicit, prepayment of more than \$1,200 in fees per client, six months or more in advance.

We are not aware of any financial condition that is likely to impair our ability to meet our contractual commitments to the Artha Funds.

Artha Capital Management Inc. has never been the subject of a bankruptcy petition.